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TODAY:  
3 PAGE

# 'I Misled People; I Deeply Regret That'

**President's Speech Offers A Little Bit of Contrition With a Lot of Defiance**

By Dan Balz  
Washington Post Service

WASHINGTON — No president has ever been forced to address such personal issues in a nationally televised address, and President Bill Clinton went further than he ever has in taking responsibility for his private behavior and expressing regret for the pain he has caused his family.

"I misled people, including even my wife," he said. "I deeply regret that."

But this was no *mea culpa* speech. This was Mr. Clinton as the country has seen him before when he faced political trouble, Mr.

Clinton as defiant as he was contrite. Having bared his soul, he asked the country to take his side in a bitter political battle that has convulsed Washington for the past seven months. In that sense, the tone of his speech represented one of the biggest gambles of his presidency.

The president's advisers hoped the speech would mark the beginning of the end of the investigation by Kenneth Starr, the independent counsel. But in his sharp criticism of the intrusiveness of Mr. Starr's investigation, the president may have guaranteed that there can be no early cease-fire in a war that already has taken a political toll on the country.

The president's refusal to answer some questions during his grand jury testimony sets up the next phase of the battle. His advisers will now dare the independent counsel to pursue intimate details of Mr. Clinton's private life.

Even in a moment of contrition, the president's speech signaled a familiar strategy: renewed attacks on Mr. Starr's investigation, attacks designed to play to a scandal-weary public. White House officials believe most Americans are eager for the scandal to be over. The polls have told them that for months.

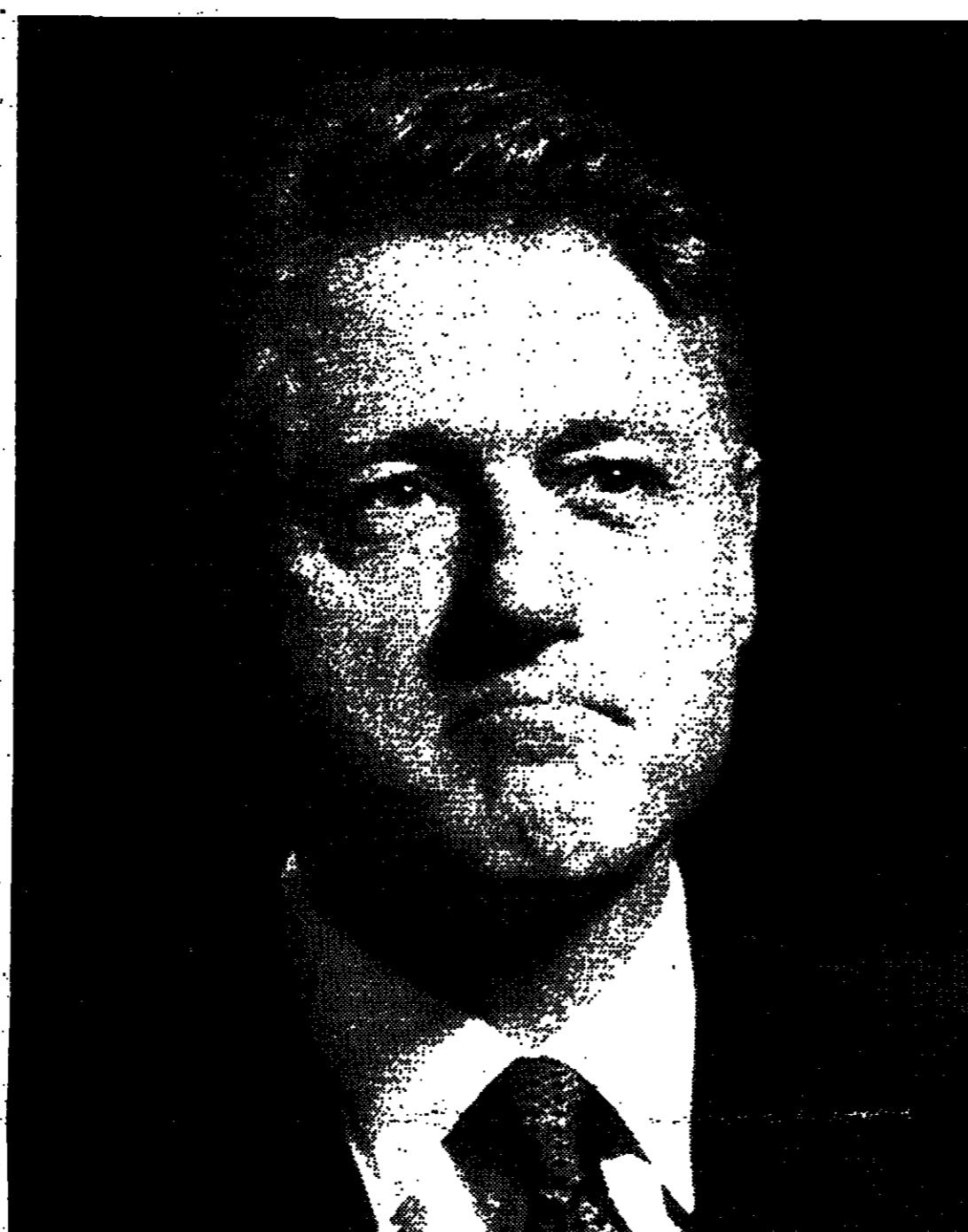
Their hope is to reduce Mr. Starr's investigation to matters of sex: to whether Mr. Clinton lied about a sexual relationship. If they succeed, they believe it will be virtually impossible for Congress to impeach him.

"They are singularly focused on the politics at the moment," a congressional Democrat said of the mood of lawmakers on Capitol Hill. "And the politics are: If some 70 percent of the public doesn't want to know about this, who are they to raise it?"

But the same person acknowledged that clear evidence of obstruction of justice or subversion of perjury could force congressional action. Mr. Starr will probably not report to Congress until early September.

With his leadership shattered by a credibility crisis of his own making, Mr. Clinton faces the most daunting challenge of his political career. He must attempt to rescue the final years of his presidency and his reputation in history.

See ATTACK, Page 8



President Bill Clinton admitting that his relationship with Monica Lewinsky was not appropriate.

## Hedging Bets on White House

By Joseph Fitchett  
International Herald Tribune

PARIS — In Europe and Asia, President Bill Clinton's speech seemed to generate more questions than answers about the significance of the extraordinary scene of an American president asking the country to forgive him.

Iraq media pronounced the president's humiliation an Israeli plot, but elsewhere the immediate reactions were uncertain, even ambivalent, about how to read this peculiarly American melodrama of politics and sex.

Most foreign commentators Tuesday were placing small bets that Mr. Clinton had secured his survival in office, but hedging them with doubts about his ability to rebound effectively.

Informed reactions were sparse; many news-

papers on both continents had closed their final editions before the president's appearance on television Monday night, and political leaders, hunkered down on August vacations, seemed content to withhold comment until the dust had settled.

But some newspaper commentators seemed to reflect a new sense of concern that Mr. Clinton's troubles had taken a heavier toll than previously assumed. Initial reactions came mainly from mainstream newspapers because most prominent television commentators and talk-show hosts were on vacation and Internet chat offered no significant sounding new views on Mr. Clinton.

A German commentator expressed admiration for Mr. Clinton's ability to keep up presidential

See WORLD, Page 8

## Mea Culpa Leaves America Divided

Clinton's mea culpa leaves Americans as divided about him as ever. Page 2.

A day like no other in American history: A president testifies before a grand jury. Page 2.

President's minimal testimony is a legal gamble. Page 3.

The full text of the president's brief statement. Page 3.

From Hawaii, Vice President Gore defends Clinton: "I am proud of him." Page 3.

## A Compulsion to Bend Rules

By Todd S. Purdum  
New York Times Service

WASHINGTON — On Jan. 20, 1997, as an ebullient Bill Clinton took the oath of office for the second term that he hoped would secure his place in history, he returned to a theme that had been at the core of his claim to be a new kind of Democrat, declaring: "Each and every one of us, in our own way, must assume personal responsibility, not only for ourselves and our families but for our neighbors and our nation."

Exactly one year later, Mr. Clinton learned that Kenneth Starr, the Whitewater independent counsel, was investigating accusations that the president had started a sexual relationship with a White House intern in 1995 and then tried to cover it up.

Had the man who won the presidency by speaking out for the people who "play by the rules" once more surrendered to a lifelong compulsion to bend and break them? Monday night, in the most painfully personal public confession of his life, and perhaps in American political life, Mr. Clinton was forced to acknowledge, in tight and reluctant tones, that he had.

"I must take complete responsibility for all my actions, both public and private," the president said, adding that his relationship with Monica Lewinsky was wrong and "constituted a critical lapse in judgment and a personal failure on my part for which I am solely and completely responsible."

How someone of such surpassing intellect and

See PSYCHE, Page 8

## IRA Offshoot Expresses Regrets for Ulster Bomb

*'We Didn't Intend to Kill, and We Apologize'*

By James F. Clarity  
New York Times Service

BELFAST — As the first victims, a pregnant Roman Catholic mother and her baby daughter, were buried Tuesday, three days after the deadliest terrorist attack in 29 years of sectarian violence in this British province, a Catholic splinter group claimed responsibility for the bomb, which killed 28 people and injured 220.

The group, calling itself the Real IRA, said it did not intend to kill people, but only to destroy property in the shopping district of Omagh, 60 miles (100 kilometers) west of Belfast. The group,



Friends and family carrying the coffins Tuesday of Avril Monaghan and her baby daughter at the first burials of Omagh bomb victims.

Newsstand Prices

Andorra ..... 10.00 FF Lebanon ..... 11.300  
Antilles ..... 12.50 FF Morocco ..... 16 Dh  
Cameroon ..... 1.600 CFA Qatar ..... 10.00 QR  
Egypt ..... 2.50 Réunion ..... 12.50 FF  
France ..... 10.00 FF Saudi Arabia ..... 10 SR  
Gabon ..... 1.100 CFA Senegal ..... 1.100 CFA  
Italy ..... 2.800 Lire Spain ..... 225 Pesos  
Ivory Coast ..... 1.250 CFA Tunisia ..... 1.250 Dn  
Jordan ..... 1.250 JD U.A.E. ..... 10.00 Dh  
Kuwait ..... 700 Fils U.S. M. (Eur) ..... \$1.20

The Real IRA, comprising about 100 Republicans, including some skilled in bombmaking, split away from the Irish Republican Army this year. The statement by the spokesman Tuesday said, "At no time was it said it was near the courthouse. It was a commercial target. Despite media reports it was not our intention at any time to kill any civilians. It was a commercial target, the Brits. We offer apologies to the civilians."

Seven hours before the statement,

See ULSTER, Page 8

## Russians Scramble for Dollars as Ruble Plummet

By David Hoffman  
Washington Post Service

MOSCOW — One day after it was allowed to float, the Russian ruble quickly tumbled on Tuesday, going even lower than the Central Bank said would be the limit for the rest of the year as Russians searched for U.S. dollars to protect their savings.

The dollar was in such demand that many exchange offices in Moscow and elsewhere exhausted their supply by midday.

On Monday, Russia in effect devalued the currency to stave off financial collapse. The ruble had been

trading at 6.3 to the dollar before the devaluation, and the Central Bank said on Monday that the outer limit would be 9.5 to the dollar by the end of the year.

But the currency went beyond that limit across the

country. Reports from Vladivostok to Moscow had buyers paying 10 to 12 rubles — in some places more — to get one dollar.

Although it may take days or weeks for the currency to stabilize, the first day suggested a fair amount of

uncertainty about how far the devaluation would go. In some places, the ruble hit 15 to the dollar. The Bank of Moscow and Bank Imperial stopped selling cash dollars, Interfax reported.

The news agency Prime-Tass quoted a Russian commercial bank official as saying that the credit card company Visa had urged Russian banks to stop issuing cash advances on its cards.

Prices were not yet being raised dramatically in Moscow, and the authorities threatened to send out inspectors to police against gouging.

See RUBLE, Page 15

## AGENDA

### In Congo, a Mood Of Menace Grows

"This is no time to debate the flaws of our leaders," said an 18-year-old recruit mobilized in Kinshasa to defend his homeland. "Our country is about to be swallowed up."

In the menaced capital, no one goes out into the streets after the sun goes down. Thousands of soldiers and new recruits, some trained with muffer pipes instead of rifles, mill about the city. They have been rallied to defend Congo against what is described as a Rwanda-instigated insurrection against the government of Laurent Kabila.

Once again, it seems that the neighbors of Congo will play the decisive role in what will happen in the country, under internal and external threat of division and more struggle. Page 8.

## The Dollar

New York Tuesday 6:45 PM previous close

DM 1.8018 1.7935

Yen 144.85 145.955

FF 6.039 6.013

Pound 1.6166 1.6155

Dollars per Euro

## The Dow

Tuesday close percent change

+139.80 8,714.65 +1.63%

S&amp;P 500

+17.53 1,101.20 +1.62%

Nasdaq

+37.08 1,855.10 +2.04%

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Sports ..... Pages 18-19.

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**The Fight Goes On / A Disillusioned Public**

# Clinton's Mea Culpa Leaves Americans as Divided About Him as Ever

## Impeachment? Not Important? Take Your Pick

By Sam Howe Verhovek  
New York Times Service

SEATTLE — Lisa Wessels describes herself as "pro-Clinton" and Scot Baker says he is "anti-Clinton," opposed points of view that have not prevented the Seattle couple from planning to marry. And when the two 30-year-olds met after work Monday evening and watched President Bill Clinton speak from the White House, both initially chose the same word to describe the address: "embarrassing."

But their words, it turned out, did not mean the same thing. Miss Wessels, a licensing specialist, felt bad for Mr. Clinton. "I can't believe that he had to do this, forced to stand up and talk about his private life like that," she said. "It was surreal. It's like I wasn't watching the president of the United States. I was watching Richard Dreyfuss play the president of the United States in some bad movie. I feel sorry for him."

But for Mr. Baker, a recruiter for the software giant Microsoft, the embarrassment was for Americans in general. "I always told my friends that he has no integrity, that squinty little twinkle in his eye," he said. "Now we know for sure. But I'm not happy about it. It's embarrassing for the country. This is our president."

Around the United States, in their homes and crowded around television sets in public places, Americans in huge numbers stopped what they were doing for four minutes Monday night to watch Mr. Clinton speak. But if such communal events often serve to bind people together in the face of a national tragedy or emergency, a series of conversations around the country afterward suggested that Mr. Clinton's speech had left people as divided about him as ever.

While many people, reflecting polls over the last several months and instant polls taken Monday night, still say the matter is not enough to warrant impeachment of Mr. Clinton, a clear undercut in others' characterizations was that now, more than ever, Mr. Clinton needs to go.

"This man lied in front of the nation, and he basically admitted it," said Mike Bagdassarov of Baltimore, an intelligence analyst for the Maryland state police. "He shouldn't be president. It's that simple."

Said Jim Eichelberger, an Atlanta lawyer: "I think it was typical Clinton — dishonest, blaming others, just what I anticipated. He owes it to the Democratic Party and the American people to resign."

Many of those who were inclined to forgive the president said they didn't believe his speech would put the Monica Lewinsky matter to rest, partly because, in their view, he did not really accept full responsibility for what happened.

"He's still trying to weasel out of it," said Janice Scallan.

27, an independent contractor for social-service programs in Chicago. "It wasn't even a full apology. Instead, he said it was inappropriate. If he just said, hey, he had sex with her, then it would be over."

While very few people seemed to watch the speech and find themselves liking the president any better than they had before, many said that they still felt strongly that the matter should be put to rest.

"I guess if you can't trust your president, that's something you've got to think really hard about," said Buddy Fry, manager of Slick Willie's Pool Hall in Houston, an establishment that got its name long before Mr. Clinton's critics started referring to him by that name in the 1992 campaign. "But hey, the economy is doing so well, as well as I can ever remember. If I have to weigh the economy against his sex life, I guess I'd have to go with the economy."

A New York Times/CBS News Poll taken immediately after the speech showed a continuation of the strong public desire to move beyond the scandal. Sixty-three percent of the respondents said the Lewinsky matter should be dropped, now that the president has testified to the grand jury and addressed the nation, compared with 18 percent who said he should resign and 12 percent who

said Congress should begin impeachment proceedings.

And 65 percent said Mr. Clinton should have made a public statement about the relationship sooner, even as his job approval rating remained steady, in the high 60s.

The poll, based on a survey of 396 adults, has a sampling error of plus or minus 5 percentage points. Such instant, one-night polls are considered less reliable than polls, such as the typical New York Times/CBS News survey, that are based on larger samples and conducted over several days. Moreover, initial reactions sometimes change.

There was little expectation before the speech that the president could say much to justify himself, and little feeling afterwards that he had succeeded.

"There was nothing he could say," said Jeff Lewelling, a project coordinator for a welfare-to-work program in Chicago, who watched the speech at a local pub. "His credibility was totally shot."

In Austin, Texas, Shadrack Jones, a 34-year-old shoeshine operator, said he was relieved, but not surprised, that the president had finally come out and explained to the American people that he had been wrong.

But Larry Foster, a 57-year-old pilot for American Airlines in Dallas, said he thought the president's remarks fell short. "He was hardly apologetic. I never saw any honest apology. He said, 'It's a personal matter.' It's not a personal matter. It affects every person in the United States. He swore to uphold the truth. It was

a very poor apology. It wasn't sincere. He wasn't contrite."

To be sure, some people felt the opposite, that the president was too contrite.

"I wish he had said, 'Yes, I did it' — everyone knew that, anyway — but then was more forceful in saying, 'I did nothing illegal, that this whole investigation is wrong, it's costing too much time and money,'" said Andrea Wagner, an arts administrator in Seattle. "But instead he was like a dog with its tail between its legs. He was so caught up in being apologetic."

A surprising number of people said they found themselves thinking about his wife and daughter as he gave the speech.

Michael Doekmann, 45, a customer service representative for a telephone supply distributor in the Memphis area, said he felt deeply sorry for Chelsea Clinton, but not her mother. "I think she is so interested in his staying in office she will do



Chris Sennfeld/The Associated Press

Across the country, Americans tuned in to the president's speech. Sherrie Landers of Tampa, Florida, who watched at a Jackson, Tennessee, bar, said of Mr. Clinton's explanation: "No way."

whatever it takes to stay there," he said. "But I would like to know exactly what she really thinks about this. I don't think we ever will know, but I'd like to."

Mr. Clinton's appeal that the nation focus on other issues bothered many who watched the speech, who described that as a transparent attempt at diversion.

The speech, with its criticism of Kenneth Starr's investigation, "kind of reminded me of Nixon's first Watergate speeches, talking about how important detente was," said Joe Heinen, a bartender. "Pretty shifty, actually."

Mary Drucker, a nursing student from Bellingham, Washington, described herself as "livid" after the speech. "It really burned me up when he said we should turn to the nation's problems. As far as I'm concerned, what he did goes to the heart of the nation's problems."

## A Day Like No Other

**During Historic Confrontation, Government Chugs Along, Awaiting Outcome of Testimony**

By R.W. Apple Jr.  
New York Times Service

WASHINGTON — It was a typical August day in the capital — air heavy with humidity, skies pewter-gray, a thunderstorm in the afternoon, traffic stuck.

Vacationers' Bermuds shorts outnumbered locals' business suits.

Yet it was also a momentous day, a day like no other in the republic's long history. For the first time ever, a president was giving testimony to a grand jury investigating possible criminal conduct on his part.

Sitting in the ground-floor Map Room at the White House, where Franklin D. Roosevelt kept track of the struggle against Hitler and the Axis powers, Bill Clinton was grilled by his nemesis, Kenneth Starr, the independent counsel, in the kind of taunt face-to-face confrontation that few presidents ever endure.

Historic? Dramatic? Shakespearean in its grand conflicts?

That and more. The president's predicament, and especially the suggestion that he had been lying from the start about his relationship with Monica Lewinsky, rasped against national myth.

Truth-telling is a salient feature of American heroes, and even in a cynical age, the images of Honest Abe Lincoln and George Washington, who could not tell a lie, lurk in the public consciousness.

But this was a play without an audience. The few who gathered near the White House and the courthouse, where the grand jury sat, linked by closed-circuit television to the Map Room, saw nothing and heard nothing. There were no shadows on the wall or echoes on the wind for imagination to feast on.

Gazing at the horde of camera crews on the White House lawn, Cynthia Young, a 26-year-old social worker from Philadelphia, sensed the magnitude of the occasion but said she felt curiously unplugged: "It's kind of strange walking around here and not knowing what is actually happening."

The government, as is its wont, ground on. The Treasury Department sold \$5.79 billion in three-month bills at an average discount rate of 4.91 percent.

The Parole Commission met in suburban Chevy Chase, Maryland, to discuss its budget and the Environmental Protection Agency considered ways to enable



Tourists gathering at the White House fence at a historic moment. But there was nothing for them to hear or see of the president's testimony to the grand jury.

Inside the White House, aides passed the four hours and more that the president testified, accompanied only by three lawyers, by telling each other raunchy jokes and making ribald puns — the same jokes, the same puns that lobbyists and others exchanged at water coolers around the city.

"It's like Election Day," one presidential adviser said, "except there aren't any exit polls."

Another remarked: "Everything is on hold. You wait, hope it goes well, but you can't do much."

Well, you can always spin. In Washington, that never stops completely.

So the White House let it be known that Erskine Bowles, the chief of staff, had done his best to rally the troops at the senior staff meeting Monday morning. He stressed "the importance of sticking together," two of the participants reported. He apparently did not echo the other half of Benjamin Franklin's famous injunction to his colleagues at the signing of the Declaration of Independence, "We must all hang together, or assuredly we shall all hang separately."

Politicians were on their guard, especially Republicans. But some Democrats, including both members of Congress and presidential aides, said privately that they felt betrayed, having doggedly upheld Mr. Clinton's early denials only to be told at the last minute that he was changing his story.

Finally, the president's private law-

yer, David Kendall, came out into the White House driveway to make what on one level sounded like a perfunctory statement but on another sounded like a polemic salvo in this war of words. A certain contempt dripped from his description of a "four-year, \$40 million" investigation that had reached into Mr. Clinton's "private life."

## WEATHER



Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe

Today High Low W. High Low W.

CF CF CF CF

Alaska 34/32 18/14 pe 32/29 17/22 \*

Barbados 36/35 22/21 pe 32/29 22/23 pe

Beijing 35/31 21/13 ab 32/29 18/21 \*

Bonfay 22/19 10/11 ab 22/19 10/11 \*

Calcutta 34/32 21/13 ab 34/32 21/13 \*

Cheng Mai 34/32 21/13 ab 34/32 21/13 \*

Colombia 34/32 21/13 ab 34/32 21/13 \*

Denmark 34/32 21/13 ab 34/32 21/13 \*

Finland 34/32 21/13 ab 34/32 21/13 \*

Greece 34/32 21/13 ab 34/32 21/13 \*

Iceland 34/32 21/13 ab 34/32 21/13 \*

India 34/32 21/13 ab 34/32 21/13 \*

Iran 34/32 21/13 ab 34/32 21/13 \*

Ireland 34/32 21/13 ab 34/32 21/13 \*

Italy 34/32 21/13 ab 34/32 21/13 \*

Japan 34/32 21/13 ab 34/32 21/13 \*

Kenya 34/32 21/13 ab 34/32 21/13 \*

Korea 34/32 21/13 ab 34/32 21/13 \*

Latvia 34/32 21/13 ab 34/32 21/13 \*

Malta 34/32 21/13 ab 34/32 21/13 \*

Mexico 34/32 21/13 ab 34/32 21/13 \*

Norway 34/32 21/13 ab 34/32 21/13 \*

Portugal 34/32 21/13 ab 34/32 21/13 \*

Russia 34/32 21/13 ab 34/32 21/13 \*

Spain 34/32 21/13 ab 34/32 21/13 \*

Sweden 34/32 21/13 ab 34/32 21/13 \*

Switzerland 34/32 21/13 ab 34/32 21/13 \*

U.S. 34/32 21/13 ab 34/32 21/13 \*

U.S. (Cont.) 3



## ASIA/PACIFIC



Nik Aziz, chief minister of Kelantan state in Malaysia.

## Rural Muslim Guru's Appeal Worries Kuala Lumpur

By Thomas Fuller  
International Herald Tribune

KOTA BARU, Malaysia — A small, frail man emerges from the back seat of a metallic gray Mercedes-Benz and walks slowly past supporters who jostle to shake his hand. Men sit on blocked-off roads around the building where the old man, an Islamic preacher, will deliver his weekly sermon. Women are clustered on the fringes of the crowd.

Here in the northeastern Malaysian state of Kelantan, he is known respectfully as Tuan Guru, the learned one. But to Malaysia's governing coalition he is Nik Aziz, a serious threat, a man whose pious Muslim views could prove attractive to voters as the country grapples with deepening economic turmoil — and whose party could whittle down the coalition's overwhelming majority.

National elections must be called before April 2000, but many analysts say polls could come soon, before Malaysia's recession deepens.

No one expects Mr. Aziz, 67, a Muslim scholar who is the chief minister of Kelantan, to become prime minister after the next general election. But Mr. Aziz's popularity may force the governing party to shift a few notches toward Mr.

Aziz's view of the world and embrace some of the Islamic rituals that have been made into law in the state over the last few years.

While the rest of Malaysia uses the Western workweek, Kelantan work Sundays and have Fridays off, according to Islamic tradition.

Since coming to power in 1990, the state government has required Muslim female employees to wear head scarves in shops and mandated separate supermarket checkout lines for women and men. Students in the state study Arabic as much as they do English, and although rock music is popular, concerts are banned.

Kelantan passed a law in 1994 requiring amputation of limbs for certain offenses — but the law was suspended by the federal government as unconstitutional.

All of this clashes with the modern face of Islam that Prime Minister Mahathir bin Mohamad has espoused during his 17 years in power — and that leaders before him have considered necessary in a multiracial country where 40 percent of the population of 21 million is not Muslim. (By contrast, just 5 percent of Kelantan's population of 1.3 million is not Muslim.)

The appeal of Mr. Aziz's party, the Pan-Malaysian Islamic Party, is

clear, and not only in Kelantan — the only state among the 13 that is not controlled by the governing coalition. The party recently set off alarm bells by winning a by-election in nearby Perlis state.

Voters appear to be attracted by Mr. Aziz himself and his simple lifestyle. With loose fitting robes and a stooped profile, Mr. Aziz looks like a Gandhi with a wispy white beard. He lives in a small, modest green house in a rural suburb of the city. He is a Muslim scholar who speaks Arabic and Urdu, and he preaches tolerance for all races.

"I don't want people to ask, 'What will we get if we vote for PAS,'" Mr. Aziz said, referring to his party. "We are not based on material things."

He aides emphasize his simple lifestyle and say Kelantan has fared better than the rest of Malaysia during the economic crisis because of the government's effort to endorse a more simple lifestyle as well as steady-as-she-goes development strategy.

"Most of the basic needs for Kelantan people are taken care of already," said Wan Ismail Wan Jusoh, a close aide. "We have good roads, 97 percent of our people have electricity and we have a steady supply of water."

in the Arau district of Perlis state. That victory gave the party a total of 8 seats out of 192 in the national Parliament. "Arau was complacency," said Annur Musa, the highest United Malays official in Kelantan and a federal minister. "It was good as an early warning system."

There is a hitch in Mr. Aziz's election strategy. The leader's simple, nonmaterialistic approach to life may be the party's Achilles heel: The state's finances are suffering with lower timber sales this year, an indication that however hard officials try, Kelantan is linked to the outside world and the crisis that it has brought.

A United Malays official with links to the state's financial data said Kelantan may not be able to pay salaries by September if outside money is not found.

That may be grandstanding. Nonetheless, Mr. Aziz acknowledged the problems with timber revenues and said Kelantan may seek money from the federal government this year.

"Since coming to power nine years ago, we have never borrowed money from the federal government," Mr. Aziz said. "So maybe this time we will ask for a soft loan." Details of that loan could be worked out when Mr. Mahathir visits the state later this month.

## Scandal-Dogged Former Film Star Holds India Coalition Captive to Her Whims

By Barry Bearak  
New York Times Service

MADRAS, India — Among great melodramas about politically powerful women — the *Evitas* and *Imeldas*, the risen and fallen, the adored and despised — India these days offers Jayalalitha Jayaram, a former movie star whose fickle control over a 27-vote bloc in Parliament threatens to topple the five-month-old Hindu nationalist government.

Notoriously imperious, clad in ornate capes, Jayalalitha, as she is known, was the chief minister of Tamil Nadu, a southern state, from 1991 to 1996, when she was voted out of office in disgrace.

Outlandish displays of sudden wealth gave credibility to allegations of corruption, and she faces charges in state courts in eight serious scandals.

Her political resurrection occurred after the national elections in February.

With no single political group any longer dominant in India, regional parties have assumed extraordinary importance. Her state party, the All India

Anna Dravida Muntra Kazhagam, won 18 seats in Parliament and then, in an alliance, picked up nine more.

The Hindu nationalist Bharatiya Janata Party won 178 seats but needed to forge a coalition with 18 smaller parties to form a government. Miss Jayaram's 27 votes made her Bharatiya Janata's biggest partner.

Bharatiya Janata has long declared itself a party of good governance, but its coalition with Miss Jayaram's party has left it vulnerable to the demands of a woman preoccupied with the prospect of a strong and ruthless woman, it's because life has turned me into someone like that," Miss Jayaram recently told an Indian film magazine. "If I hadn't been tough, I wouldn't have survived."

Educated in a convent, she dreamed early on of being a doctor or lawyer. Instead she made her debut in Tamil movies at 13, pressed into the career by her mother, herself an actress. "I hated every minute," Miss Jayaram once reflected.

Within three years, the voluptuous teenager, big-eyed with a dimpled smile, was chosen to appear opposite the swashbuckling M.G. Ramachandran, the biggest star in Tamil films. Together, the two appeared in 28 movies and, though Mr. Ramachandran was married,

her urgent need is to get out of these cases," said Cho Ramaswamy, a journalist whose own roots are in the Tamil film industry and who once was one of Miss Jayaram's closest friends. "She wants to bring down the central gov-

ernment, but she doesn't realize that no matter who is at the center, they will not be kindly disposed to this. Jayalalitha is not so politically sharp."

What she has been is one of India's mythic characters, whose loves and triumphs and humiliations have been an ongoing public soap opera.

"If I'm perceived as a strong and ruthless woman, it's because life has turned me into someone like that," Miss Jayaram recently told an Indian film magazine. "If I hadn't been tough, I wouldn't have survived."

Educated in a convent, she dreamed early on of being a doctor or lawyer. Instead she made her debut in Tamil movies at 13, pressed into the career by her mother, herself an actress. "I hated every minute," Miss Jayaram once reflected.

With Miss Natarajan, once a maker of videos, as her chief adviser, Miss Jayaram was elected chief minister of Tamil Nadu in 1991, and she finally seemed to have joined Mr. Ramachandran on the common man's pantheon of heroes.

She felt comfortable on a pedestal. Plywood cutouts of her image, some of them 8 stories high, were placed in busy

intersections in Madras, the state capital. Posters portrayed her as a Hindu goddess or the Virgin Mary.

One of her opponents was a Harvard-educated economist and political maverick named Subramanian Swamy. He investigated Miss Jayaram and began passing evidence of her alleged corruption to prosecutors here and in New Delhi.

"She made a public statement that she would crush me like a mosquito," Mr. Swamy said. "I must have escaped 12 attacks that might have ended my life."

After V.S. Chandrasekha, a state official, made a critical remark about Miss Jayaram's government, she was moved to a lesser job. Nine days later someone tossed a bottle of acid into her face.

The queenly chief minister seemed to be accumulating new wealth, and some began to call Miss Natarajan "the walking jewelry store."

Miss Jayaram adopted a friend's nephew as her "foster son." When he married she gave him a spectacular wedding party. Entire avenues in central Madras were recast as scenes from

Tamil mythology. Regiments of mounted horsemen marched in parade. Lunch was served to 12,000 guests.

"This marriage was almost a confession statement of her corruption," said Mr. Ramaswamy, the journalist. "It was her undoing. People were disgusted."

But Tamil politics have long revolved around larger-than-life personalities, and disgust has a short shelf life in India. And now, in the world's largest democracy, with nuclear weapons at the ready and the rupee at a record low, the fate of the national government may well rest upon the whims of Miss Jayaram.

Recently, Bharatiya Janata emissaries have made pilgrimages to Miss Jayaram's residence, trying to soothe her hurt feelings. Coincidentally, perhaps, a government official who has pursued tax cases against Miss Natarajan has been removed from office.

Miss Jayaram has refused all requests for interviews. Oddly enough, a new confidante has been speaking for her — Mr. Swamy, the political maverick who once brought corruption charges against her.

## BRIEFLY

## Burma Rulers Meet Opposition

It accounts for 2 percent to 14 percent of gross domestic product in Indonesia, Malaysia, the Philippines and Thailand, the report says. (AP)

## U.S. Shows Korea Spy Photos

SEOUL — The United States has shown South Korea spy satellite photos of a huge North Korean underground complex that could be used as the heart of a nuclear weapons program, the South Korean Foreign Ministry said Tuesday.

The satellite photos showed thousands of workers burrowing into a mountain side near Yongbyon, the site of a nuclear plant that had been mothballed under a 1994 accord, said Lee Ho Jin, the Foreign Ministry spokesman.

"We have been briefed by the intelligence community of the United States," Mr. Lee said. (Reuters)

## Prostitution Flourishes in Asia

GENEVA — Prostitution in Southeast Asia has burgeoned so rapidly that it is now one of the region's big employers and money-earners, a UN report to be published Wednesday says.

Commercial sex is crucial to the livelihoods of millions of workers beyond the prostitutes themselves and provides governments with substantial revenue, the 232-page International Labor Organization study says.

The leader of the New Zealand First party, Winston Peters, said Tuesday that his party was withdrawing from the center-right coalition government, leaving Prime Minister Jenny Shipley with a minority government. But Mrs. Shipley appears safe for now, with 62 votes in the 120-member Parliament.

(Reuters)

## For the Record

The leader of the New Zealand First party, Winston Peters, said Tuesday that his party was withdrawing from the center-right coalition government, leaving Prime Minister Jenny Shipley with a minority government. But Mrs. Shipley appears safe for now, with 62 votes in the 120-member Parliament.

(Reuters)

## Waters Threaten Northern China City

The Associated Press

HARBIN, China — Soldiers struggled to keep a rain-swollen river out of this Chinese industrial center Tuesday after raging waters submerged tourist sites on a neighboring island.

The Songhua River washed over its banks in Harbin and threatened to devastate the northeastern provincial capital of 9 million people, but soldiers and police built a 1.5-meter-high (5-foot-high) restraining wall.

People fearing more torrential rains fled low-lying areas of the city to camp in small tents by the roadside. With the Songhua at a record depth and rising, Harbin braced for potentially the worst flooding in 50 years.

As tens of thousands of people worked to protect Harbin, millions manning dikes along the Yangtze River in central China held their breath as floodwaters crested for the sixth time this summer. Embankments made higher by weeks of sandbagging contained the waters as the flood crest passed through areas waterlogged by rain and flooding, state

media reported. Officials apparently put aside for now plans to dynamite some dikes to save cities downstream.

Seasonal rains that began earlier and fell heavier than usual have produced the worst flooding on the Yangtze in 44 years. More than 2,000 people have died nationwide in the flooding and millions have been made homeless.

China Central Television showed footage of medical teams examining flood victims, distributing medicines and putting purification chemicals in vats of drinking water.

The Communist Party's No. 2 and No. 3 leaders, Li Peng, the legislative chairman, and Zhu Rongji, the prime minister, telephoned officials in northeastern Jilin Province to make sure they were prepared for more flooding, the Xinhua news agency said.

In Jilin, 155,000 people were evacuated last week from Tongyu county in flooding on tributaries of the Nen River that destroyed two rail lines, Xinhua reported.

in neighboring Heilongjiang

Province, floodwaters have already washed over roads and rail lines connecting Harbin with Daqing, a city serving the largest oil field in China. At the field, floods have inundated 1,391 wells, and production has been halted at an additional 280, the official China Daily reported.

The Songhua rolled over Sun Island near Harbin, leaving just the bridge connecting it to the city peaking above the waters. Soldiers evacuated more than 700 families and 52 businesses from the island, fanned for a winter festival of ice sculptures and sports. Also moved were 52 Siberian tigers from a breeding center on the island.

More than 270,000 soldiers, oil workers and other civilians were working night and day to prevent the Nen River from overwhelming the Daqing oil fields. The Nen punched a 50-meter-wide hole in one embankment Monday, and soldiers worked to repair it and build up another dike that would be the final defense for the oil field and the 2.3 million people of Daqing.

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They have imposed their vision of Islam on Afghanistan's people, prompting Mrs. Albright to brand the movement as "despicable" because of its treatment of women.

Washington has refused to recognize the group as the legitimate government of Afghanistan.

But now the group may have some bargaining power with the United States because it controls access to Mr. bin Laden and his militarily anti-American followers, some of whom have publicly committed themselves to attacking U.S. targets.

"The Taliban is a faction, which we are not recognizing," the secretary of state said at a brief news conference in Dar es Salaam, Tanzania, before flying here.

But she stressed that the activities of a renegade Saudi, Osama bin Laden, were "unimical to those of known or suspected terrorists."

"Whatever the connection to this," she added, "I have said previously that his funding of terrorist activities something that the world is quite aware of."

She indicated that this included tolerance of narcotics trafficking.

"Frankly," Mrs. Albright added, "we believe there needs to be a broad-based government in Afghanistan. I have pointed out that they are lacking in a whole lot of areas."

She indicated that this included tolerance of narcotics trafficking.

"Frankly," Mrs. Albright added, "I think that a way for them to show

that they wish to be part of the international community is to cooperate, and not harbor terrorist elements."

The Taliban and Mr. bin Laden claim to be acting in the name of Islam, but one of Mrs. Albright's themes as she visited the ruined embassy sites and met with the staff was her belief that invoking religious motivation for the anti-U.S. attacks was spurious.

"Terror is not a form of political expression and certainly not a manifestation of religious faith," she said.

"It is murder, plain and simple, and those who perpetrate it, finance it and provide all the support it must be opposed by all decent people."

On a blackened fragment of wall next to the crater left by the bomb in Tanzania, she hung a poster showing a victim of the Nairobi embassy disaster being pulled from the rubble and proclaiming, "This is not politics, this is not religion. This is murder."

The poster offers a reward of up to \$2 million for information leading to the arrest and conviction of the conspirators. Mrs. Albright brought thick bundles of the posters: in English and in Arabic.

The secretary of state's trip was an effort to show solidarity with the embassy staff, sympathy for victims and also support for Kenya and Tanzania as they try to recover from the damages and loss of life.

She said that armed U.S. Marines at the embassy, who kept anguished Kenyans out of the blast zone, did so out of concern for their safety amid falling rubble and fears of a second explosion.

"I cannot say we acted perfectly, but I believe allegations of callousness are wrong. In the circumstances, amid the horror, the fear and the different jobs that had to be done, it's not surprising that there were misunderstandings."

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## BRIEFLY

## Albright Warns Taliban on Aid to Terrorists

## Warsaw to Take Steps To Remove Crosses

## EUROPE

## 2 Sides in Kosovo Refuse to Sit Down to Talks

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Ethnic Albanian negotiators refused to meet their Serbian counterparts Tuesday for talks on the future of Kosovo, despite intense efforts by U.S. diplomats to bring the two sides together.

The American diplomatic initiative was led by Christopher Hill, the ambassador to Macedonia, who first met with the designated Albanian negotiators and then conferred separately with Ibrahim Rugova, the pacifist leader despised by the Kosovo rebels.

After meeting the Albanian leaders, Mr. Hill conceded to reporters that no immediate progress had been made. But he vowed that foreign powers would "stay at it until we succeed."

Mr. Hill, who has been shuttling between leaders on both sides, reiterated that neither side should count on achieving anything by force.

But while there were no new reports of fighting between rebel ethnic Albanians and Serbian security

forces, the two sides made it clear that they were no closer to sitting down for talks.

Fehmi Agani, coordinator of the negotiating team appointed last week by Mr. Rugova, said an offer by the chief Serbian negotiator, Deputy Prime Minister Raiko Markovic, had been "timed for propaganda."

Mr. Agani said he had written to Mr. Markovic that talks should continue as soon as possible, but only after "an end to violence over the Albanian civilian population and to military and police repression."

Even if and when the two sides meet, prospects for a negotiated resolution are dim.

The negotiations are being boycotted by ethnic Albanian opposition parties and the Kosovo Liberation Army, which is fighting for independence of the Serbian province, where Albanians account for 90 percent of the population of 2 million.

Kosovo is in Serbia, the dominant Yugoslav republic.

Foreign Minister Paskal Milo of

neighboring Albania said that what he called the Kosovo ethnic-cleansing policy of President Slobodan Milosevic of Yugoslavia was hampering the start of negotiations.

He renewed Tirana's call for international intervention in the province.

There is no clear prospect for the start of the talks because of the policy of ethnic cleansing followed by Milosevic and the Serb troops' military offensive against Albanians in Kosovo," Mr. Milo said.

The development of events there until now, and the Bosnia experience, show that the international community should start dynamic action on the ground to achieve dialogue," he said.

NATO forces began a six-day military exercise in Albania on Monday, and alliance officers said it was designed in part to show belligerence in the region that "NATO is ready."

"NATO has a wide range of contingencies and options ranging from peace support to combat opera-

tions," said Admiral Joe Lopez, the U.S. commander of alliance forces in southern Europe.

Serbian authorities have not directly commented on the NATO exercises, but reporters in Kosovo said they noticed a marked increase in overflights by Yugoslav Air Force jets, counting about a half-dozen such flights in the morning alone.

More than 500 people have been killed and an estimated 200,000 — about 10 percent of the province's population — displaced in six months of violence in the southernmost Serbian province.

Relief agencies have warned of a looming humanitarian crisis in Kosovo unless people return to their homes and farms before the onset of cold weather in about two months.

A four-week-long Serbian offensive seemed to have attained most of its objectives over the weekend when the western hill town of Junik, a key logistic and arms-running base of the Kosovo Liberation Army, fell to Serbian forces.

(AP, Reuters)



U.S. Marines taking Albanians' blood pressure Tuesday during NATO maneuvers.

## BRIEFLY

## Albanian Slain During Shoot-Out in France

MULHOUSE, France — An Albanian national was killed and two French customs officers and another Albanian were wounded in a shoot-out on a Brussels-Rome night train near Mulhouse, eastern France, paramedics said Tuesday.

The shooting occurred during a routine customs check when the train was headed for Basel, Switzerland, the rescue workers said.

(AP)

## Bomb Injures Owner of Nightclub in Cyprus

LIMASSOL, Cyprus — A bomb exploded outside a nightclub in this coastal resort, seriously wounding the owner in what police say they fear is the latest outbreak of gangland violence on the island.

Charalambos Neoptolemos, 29, was injured by the bomb late Monday night in an attack the police linked was part of an escalating struggle between underworld gangs to control gambling, prostitution and The explosion was the third suspected gangland attack on the Mediterranean island in less than three weeks.

(AP)

## Greek Court Releases Exhibitionist Tourists

ATHENS — Authorities released four British tourists who had been jailed for baring their buttocks in front of one of the wonders of ancient Greece, a judicial official said Tuesday.

A court on the island of Crete had jailed the tourists, all in their 20s, for seven to 10 months Friday after ruling that they had caused a scandal by stripping in front of the throne of Minos at Knossos. But an appeal court freed the four Monday after they paid fines of 200,000 drachmas (\$660) and said they were sorry.

## Ukraine Police Destroy 2 Fields of Marijuana

KIEV — Ukrainian police destroyed a field of 2,000 marijuana plants in the eastern Donetsk region, a newspaper reported Tuesday.

Police discovered the field after destroying 10,000 marijuana plants growing about 30 kilometers (19 miles) away, the daily Fakty said.

(AP)

## Hospitalized Politician Out of Danger in Spain

CORDOVA, Spain — Julio Anguita, a communist leader, was out of danger Tuesday after being hospitalized for a heart attack, a hospital source said.

The 57-year-old leader of the left-leaning Izquierda Unida, Spain's third-largest political group, was expected to leave Queen Sofia Hospital on Friday after being admitted Monday.

Mr. Anguita, who is also secretary-general

## Hitler Painting Found in Vehicle in Valencia

VALENCIA, Spain — A painting attributed to Adolf Hitler that was stolen in this eastern Spanish city 16 months ago was found Monday, the police said.

"Woman in Blue" was found in a vehicle along with two other paintings. Their total estimated value is 4 million pesetas (\$26,600).

(AP)

## Neglect Charged in UN Jail Death of Bosnian Serb

By Marlise Simons  
New York Times Service

PARIS — A Bosnian Serb who died this month in a cell while being tried by the United Nations war crimes tribunal in The Hague died of internal bleeding because he did not receive proper medical care, his lawyer said.

The lawyer, Dusan Vucicevic, said the tribunal was guilty of negligence and of causing the "wrongful death" of his client. He said he would demand that it pay damages to his client's family in Bosnia.

His client, Milan Kovacevic, a former politician and medical doctor in Prijedor, Bosnia, died Aug. 1 at 57 of what the tribunal called a heart

attack. Mr. Vucicevic is a Serbian-American who practices law in Chicago and is also a physician who attended his client's autopsy. In a telephone interview from his office, he contended that Mr. Kovacevic had died not of a heart attack but of abdominal bleeding because of errors by the prison staff.

He said other inmates reported that in the hours before Mr. Kovacevic died, the prison guards initially ignored his cries of pain and calls by other prisoners, who had been awakened and alarmed by his screams.

When the prison doctor arrived an hour later, the lawyer contends, the doctor misdiagnosed Mr. Kovacevic's crisis as a kidney problem

and gave him a painkiller instead of rushing him to a nearby hospital.

The autopsy report has not been released, and the tribunal's press office has declined to answer further questions, saying it must await the outcome of an internal investigation. The prison authorities also decline comment.

The tribunal prison, just outside The Hague, is a separate cell block on the grounds of a Dutch prison. It is run by a warden and guards appointed by the United Nations. The prison provides basic services like meals and medical care.

The death of Mr. Kovacevic was a shock to the tribunal. Although he had high blood pressure and had suffered a stroke and heart attack

earlier, a cardiologist and psychiatrists deemed him fit for trial.

He was seized by NATO troops and his case was important as a precedent in other trials.

The trial opened July 6. Among other charges, Mr. Kovacevic was accused of complicity in genocide because of his role in 1992 in helping organize detention camps near Prijedor, in which many Muslim inmates were tortured and killed.

With his death, that case has been closed. On Aug. 1, about six hours after Mr. Kovacevic died, the tribunal spokesman, Christian Chartier, said he had died of a "massive heart attack."

The death certificate said only that he died of natural causes.

## French Mayor Digs In to Fight Problem of Gypsies

By Charles Trueheart  
Washington Post Service

TONNOY, France — For the 28 years he has been mayor of this pleasant village on the banks of the Moselle River, Claude Balland has watched Gypsies come and Gypsies go, helping themselves to land, water, sanitation facilities and occasionally private property. He has listened to the complaints of the 650 townspeople, and likewise to the assurances of indifferent bureaucrats far from the problem.

Last week, Mr. Balland got fed up. When about 60 Gypsy vehicles appeared Aug. 9 and settled on their customary piece of land by the river, Mr. Balland opted for trench warfare. Two days later a backhoe arrived and proceeded to gouge a meter-deep ditch along the front and side of the Gypsy encampment.

The Gypsies still had two

places of ingress and egress, and free access to water and the campground facility across the road, despite their presence on what Mr. Balland says is private property and they say is not.

But the mayor's gesture was not about restricting movement. It was pure, if crude, symbolism in a battlefield-scarred corner of Europe where trenches have grown meaning.

And Mr. Balland's act had its intended effects, including

offending the Gypsies. "I'm 63 years old and I've been all over France and outside it, and it's the first time I've seen anything like this," said Henri Lagrene, a Gypsy and an evangelical pastor to whom the camp dwellers deferred for comment. "The mayor is a racist, he's not Catholic at all."

Mr. Balland said, "I wanted to rap on the table. I'm a little mayor, but when I do a bold stroke like that it gets the attention of the powers that be. It brought the TV cameras. It brought you."

His digging stunt earned him ridicule in some Paris newspapers, but it also spurred the top official in his French department to call a

Gypsies in their caravans of trucks, buses and trailers look like ordinary American campers, circa 1965. Their barbecues, outdoor furniture, satellite dishes and cellular phones make them virtually indistinguishable from the vacationers in the legal Tonnoy campground just across the mayor's big ditch and the road.

"They have a love of liberty," said Daniel Maunoury, a housing activist working with Gypsies near Paris. "They don't want to negotiate. They want to go when they want to go. But that doesn't work in France. Those who think for themselves don't fit."

The Gypsies are a presence on the margins of national life in every European country. The UN High Commissioner for Refugees says they number eight million in Europe, although statistics are unreliable for such unregistered, unfixed people.

What is more certain is that they are "the outcasts among the outcasts," as the Roman Catholic prelate Jacques Gaillot said last week.

As such, Gypsies are challenging modern societies, for which a fixed address is the bare minimum qualification for delivering social services, education, and public housing to deal with a small, impoverished and impermanent diaspora that defies all definitions of citizenship.

Their public support is slender, even after suffering the extermination of an estimated 500,000 of their number at the hands of the Nazis before and during World War II. They still are viewed with loathing and fear wherever they go.

## Julian Green, Prolific and Idiosyncratic Novelist, Dies at 97

By Richard E. Nichols  
New York Times Service



Julian Green in 1991.

ways, the weird landscape of erotic obsession, the corrosive effects of repression or the struggle to achieve faith in a disbelieving age.

Mr. Green remained a courtly, serene eminence into his 90s, writing, giving interviews and still visiting around Paris.

Mr. Green was the youngest of seven children. His parents were from long-established Southern families, and he recollects in a 1991 interview that when his father was sent to Europe in 1895 by an American firm, his mother, given the choice between Germany and France, had decided that they should live in Paris because "the French had been defeated in 1870 and would become the Southerners."

His father's success as a businessman provided the family with a life of privilege in a well-to-do neighborhood of Paris.

Mr. Green converted to Roman Catholicism in 1914. During the early years of World War I, he followed France's struggle with fervor. Impatient to serve, he joined the Red Cross in 1917 and drove an ambulance on the Italian front.

He eventually talked his way into a French artillery regiment and was a member of the Allied occupation force in Germany. Discharged in 1919, he enrolled in the University of Virginia.

Back in Paris in the '20s, Mr.

Green began writing novels, including "Avarice House" and "Adrienne Mesurat," which won the Femina Prize in France in 1927.

"Dark Journey" (1929) traces the complex aftermath of a violent assault on a young woman by a frustrated lover.

During the 1930s Mr. Green studied Buddhism, and his novels became more fantastic. He and Gide developed a strong, if guarded, Gide described him as having "a somber genius."

As war approached, Mr. Green left Paris in 1940 and settled in America.

He prepared radio programs in France for the Allies, and taught writing at several universities, including Princeton and Harvard.

Mr. Green's output picked up when he returned to France after the war. But while his novels remained somber studies of romantic excess, often dwelling on sexual obsessions, they began to exhibit a more direct emphasis on faith. "Moiré" (1950) and "Each Man in His Darkness" (1960) are generally considered his most accomplished novels.

"Moiré" a young man rapes and then murders a girl; in "Each Man in His Darkness," a man struggling to suppress his homosexuality is drawn into a series of increasingly tormented relationships before being murdered by a would-be

lover who has become obsessed with him. But both novels conclude with subtle suggestions of redemption and of the power of faith to "obstruct the terrible mechanism of destiny," in Mr. Green's words.

In 1953, Mr. Green's first play, "South," was produced in Paris. More followed, and he diversified further by writing several screenplays.

Mr. Green had issued the first volume drawn from his "Journals" in 1938 (he had begun keeping a daily journal in 1926, setting down not only his meditations on faith and the flesh but musings on literature and art and recollections of his family and friends).

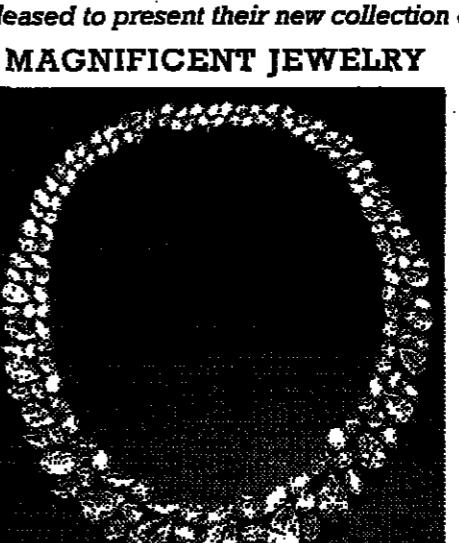
In 1971 Mr. Green was elected to the Académie Française, becoming its first foreign member.

Mr. Green never ceased writing. His work eventually included 18 novels, "Journals," memoirs, 5 plays, 6 collections of essays and 2 works of history. It was not that he was prolific, he told an interviewer, it was just that "I am very old."

He is survived by his son, Jean-Eric Green.

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## 4 Mathematicians Win Awards At World Conference in Berlin

Agence France-Presse

BERLIN — Two Britons, a Russian and an American won prestigious Fields prizes, the mathematics equivalent of the Nobel Prize, at a conference here Tuesday.

The \$31,000 awards went to two British mathematicians, Richard Ewen Borcherds for his work in geometry and algebra, and William Timothy Gowers for his function analysis; to a Russian mathematician, Maxim Konzovitsch, for work in theoretical physics, and to an American mathematician, Curtis McMullen, for work in geometry.

The international conference, which opened Tuesday, brings together 3,500 mathematicians from 96 countries to discuss developments in the field. It is

## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Clinton Falls Short

If a grudging admission of sexual indiscretion with Monica Lewinsky and another angry attack on Kenneth Starr could end the crisis in his presidency, then Bill Clinton finished his five-minute address to the nation Monday night in good shape.

But, by our lights, Mr. Clinton let slip a vital chance to give a healing report to the nation and to begin the task of rehabilitating his character in the eyes of the public. Instead he went for the time-tested blend of minimal confession and contained tantrum that got him elected twice, but will not make him a leader who will be missed once he leaves Washington.

By his lawyer's account, Mr. Clinton used another vintage technique during his four hours of grand jury testimony, refusing to answer questions that did not suit him. The outcome is hardly satisfactory for those who had hoped that he would meet this challenge in a less characteristic way.

What the nation got instead was another blast of the familiar dichotomous blame. His touching admission of lying to his wife was coupled with the insulting contention that his earlier denial, under oath, of a sexual relationship was "legally accurate."

What an opportunity was wasted Monday night for Mr. Clinton to shed the wearisome burden of all those ever-changing accounts of personal behavior that have characterized his political career for so many years. But from the moment the 42d president walked into the Map Room he was in a confrontation with a force far more insidious than Kenneth Starr, the independent counsel.

In that hallowed room, Mr. Clinton was also confronting the habit that has driven — and haunted — his political career in an almost addictive way. His habit of stonewalling, of misleading by omission or concealment or fabrication or failure of memory has been the source of virtually all this administration's troubles.

For the past seven months the stone-wall has crumbled faster than Mr. Clinton, his wife and his lawyer, David Kendall, could patch it.

The full truth is a potent weapon but it is not one that Mr. Clinton is used to handling, even in the most personal settings. There were many reports on Monday that he had sent Hillary Rodham Clinton out to bash his critics as political conspirators without telling her the facts of the Lewinsky situation. Some White House staff members who had believed him felt betrayed by the

## Down Goes the Ruble

Russia's dramatic actions on Monday, allowing the value of the ruble to fall and declaring a moratorium on some government debt, reversed a pledge that President Boris Yeltsin and his government had issued as recently as Friday. It threatens one of the few clear-cut accomplishments of his mixed record, which was to get inflation under control. It raises questions also about the West's strategy for aiding Russia, including the \$22.6 billion rescue effort that Washington pushed through only four weeks ago.

The latest development is not so much a failure of policy as an acknowledgment of failure that had become already clear. Russia's government was spending more than it could afford to defend the value of the ruble against those, Russians and foreigners alike, who had lost faith in the stewardship of Russia's economy.

The floundering economy pushed President Yeltsin into a corner, and this was his response.

Russian officials blamed external factors for this state of affairs. The financial meltdown in Asia scared investors away from all emerging markets, including Russia's. It also lowered the worldwide demand for oil and gas, which depressed the price of those commodities, which hurt Russia as a major oil and gas exporter.

But these twin blows would have had far less impact if it not for Russia's internal troubles. Despite Mr. Yeltsin's appointment this spring of reformers to run his government, there was no consensus within Russian society on the desirability of a speedy transition to the free market. A majority in Russia's Parliament remained opposed or suspicious.

So Russia remained frozen in mid-transition, without adequate legislation or enforcement in crucial areas such as property rights, bankruptcy law, an in-

—THE WASHINGTON POST.

## It's Time for the Clinton Presidency to Get Going

By Thomas L. Friedman

WASHINGTON — It is now clear that President Bill Clinton looked the American people in the eye last January and lied. On Monday he acknowledged the inappropriate relationship with Monica Lewinsky that he earlier denied. He has betrayed his family, his party and his country.

But we Americans now have three stark choices: Impeach him, forgive him or limp along with him, berating him at every step and never allowing anyone to forget what he did.

There is no stomach for impeachment. There is too much at stake for the country to limp along for two more years. It is time to forgive — not for his sake, but for ours, not because his affairs are unimportant, but because ours are more important.

It is time now for the first Democratic president since FDR to be elected for a second term to actually begin his second term. That means that Mr. Clinton has to give up this crazy notion that his primary political role is to be Al Gore's campaign manager for the year 2000 election, and to instead start fulfilling his own agenda, whether it is Social Security reform, education reform, child care reform, campaign finance reform, tobacco legislation or expansion of free trade — all of which will require him to step on some traditional Democratic constituencies.

The president talks a good game on many of these issues, but he has yet to really put his shoulder to the wheel behind most of them or to put them in concrete legislative form.

It is time for the president to make clear exactly what his Iraq policy is, which simply is not clear anymore. What is clear is that the administration is playing games — trying to shift

responsibility for Iraq policy from the White House to the United Nations, which is to shift it to nowhere.

What is clear is that Secretary of State Madeleine Albright has signaled to the chief UN weapons inspector, Richard Butler, that the administration does not want to stir up Saddam Hussein with surprise inspections right now. If the Clintonites walk away from their responsibilities on Iraq, it is the end of their foreign policy.

It is time the leaderless Republican Party developed a serious domestic agenda (beyond arguing that shrinking government and ending abortion will solve all problems), as well as a foreign policy befitting a superpower. Since Bill Clinton came to office, the Republicans have spent much of their time just living off his misbehavior.

On foreign policy they have either offered drive-by criticism or adopted utterly irresponsible positions.

These range from base pandering on the Middle East to indulgence of fringe congressional Republicans who want to hold up key foreign policy funding for institutions like the IMF unless the United States stops all support for family planning, to mindlessly slashing the State Department's budget — an outrage at a time when America's global responsibilities, and economic opportunities, have never been greater.

Without a serious Republican foreign policy, it makes it so much easier for the Clintonites to be unserious, too. For a long time now we have defined this era as the post-Cold War era. That is, we have defined this era by what it is not. It is not the Cold War. But it is time

we define it by what it is. It is an era of stunningly rapid change in everyone's workplaces, jobs, communities, educational demands and government responsibilities.

It is an era in which corporations have never been bigger and yet individuals have never been more empowered — to do good or ill.

It is an era in which America has no single big enemy, but many, many smaller ones. It is an age when the gap between rich and poor is widening and not deserved but that we do.

It may be hoping for too much that Bill Clinton will take this opportunity to be the president he has the potential to be. But Lord knows it's time.

The New York Times.

## So What Happens When America Can't Keep Buying?

By Robert J. Samuelson

WASHINGTON — In his book "One World, Ready or Not," the journalist William Greider coined a useful phrase to describe America's role in the global economy. The United States, he said, is "the buyer of last resort." When other countries' economies do poorly, the United States absorbs their exports and promotes overall stability.

Rarely since World War II has this role been so important, with most of Asia depressed. But this time the U.S. economy may be unable to spend the world back to prosperity — and the rest of the world could pull America into a slump.

America is now enjoying, of course, a stupendous consumer spending spree, which seems to bode well. Americans are buying computers, cars and sofas from almost everywhere. The trouble is that the buying binge will not continue forever, and the falling stock market could hasten the end by puncturing consumer confidence. Asia's distress might then spread.

I remember exactly when I spotted the spending spree. It

was early on Feb. 14 at Hancock Airport in Syracuse, New York. I had a 7 A.M. flight and expected to find the place deserted. Instead, it was packed. People were rushing off to such places as Buffalo, Baltimore and Pittsburgh.

Granted, this was Presidents Day weekend, and some flights had connections to Florida. Still, the travel mania was astonishing. In 1998 the nation's airlines will have carried about 600 million passengers, up almost 25 percent since 1993.

Here is another sign of ebullience: sport utility vehicles. In 1993, Americans bought 1.4 million of them; by 1997 it was 2.4 million — one of every six new vehicles sold. Compared with typical cars, SUVs are pricier, and the mix is moving upscale to larger models with leather seats and CD players.

The problem is that to pay for all this spending, consumers have almost stopped saving.

The Commerce Department defines saving as people's after-tax income minus their con-

sumption. From April to June, Americans spent 99.4 percent of their current incomes; they saved 0.6 percent. That is less than one-tenth the average from 1980 to 1992 (6.7 percent of income). As the stock market has risen, the savings rate has dropped.

We seem to have a paradox: People save less but invest more in the market. Charles Schwab Corp., the broker, has 50 percent more accounts than in 1995. But the paradox is more apparent than real.

People may think they have not cut saving; they make the same monthly contribution to a retirement account. But there are many ways to reduce saving: borrow more; sell stocks and spend the proceeds, and dip into other accounts.

All this is probably occurring. Borrowing has increased. Despite falling interest rates, consumers are paying a record 14.8 percent of their after-tax incomes in interest and principal repayments, estimates Susan Stern of Economic Analysis Associates. She finds the high

borrowing and low saving ominous; they usually characterize a business cycle near its peak.

The economy is vulnerable to anything that shakes confidence and causes consumers to raise their precautionary saving. The economist Ira Kaminow of the Capital Insights Group writes:

"The economy is enjoying a number of virtuous cycles that could turn vicious if the stock market were to enter a sustained contraction or even level off. The market is supporting strong consumer and investment spending which in turn supports the profits and the bull market."

Well said. A market slump could trigger a downward spiral of consumer spending and stock prices. Few economists yet predict a recession, but forecasts of continued growth rest on assumptions that are optimistic and perhaps heroic.

Merrill Lynch projects that GDP will expand by 3.3 percent in 1998 and 2.4 percent in 1999. To achieve that, the consumer savings rate remains below 1 percent, and business investment jumps by a hefty 20 percent from 1997 to 1999, even though

corporate profits fall slightly. It could happen. There is still ample optimism in America. People put their homes on the market one week and they are sold the next. But optimism could prove overblown.

One reason corporate profits may drop is the widening trade deficit. Merrill Lynch estimates the deterioration at about 2 percent of GDP from 1997 to 1999, mainly because U.S. companies export less to Asia and, as a result of currency depreciations, import more.

This brings us back to the "buyer of last resort." The rising trade deficit is America's contribution to a global economic recovery. But if the trade deficit grows too fast, it could cause a U.S. recession.

Even without a slump, the U.S. economy is not large enough — about a fifth of the global total — to rescue the entire world single-handed. In his book, Mr. Greider wonders what happens when the United States can no longer "lubricate the global marketplace." We may soon learn the answer.

Newsweek.

## Count on the People of Hong Kong to Rebound Again

By Anson Chan

SINGAPORE — The present economic crisis in Hong Kong, while proving to be much deeper than anyone had foreseen, is not the first we have faced. Having lived in the territory for 30 years, I have seen it suffer through recession, market crashes, rioting, bank failures and political turmoil.

Yet Hong Kong has always bounced back, growing, thriving and providing the conditions for people to make a better life for themselves and their children. It is against this backdrop that we should look at the present position. Otherwise, we lose sight of the longer-term perspective.

When I arrived in Hong Kong as a very young girl with my parents in the late 1940s, we were among a wave of people leaving China to establish a new home outside the constraints of the Communist regime on the mainland. In 1950, with the Korean War raging, Hong Kong was almost on its knees under the weight of 1.5 million refugees from China, mostly living in shantytowns.

But by the mid-1950s we were beginning to get back on our feet. Industry was starting to grow, first with cotton spinning and weaving, then in the 1960s with man-made fibers, garments, plastics, electronics, watches and clocks. Still, a question mark seemed to hover over Hong Kong's future.

In the mid-1960s the territory, then a British colony, was being sold as a borrowed place living on borrowed time. The Cultural Revolution in China was in full swing, with the government resuming its massive housing and schools program to cope with the swelling population.

Rumors about possible devaluation of the Chinese currency also swept through the financial markets. But Chinese authorities were quick to reiterate that there was no intention and no necessity to devalue the renminbi.

I believe that China will continue to be competitive even after the marked depreciation of Hong Kong's fortunes con-

tinued on a roller-coaster ride, reaching another trough in 1983 when the currency, which had been allowed to float, experienced a 100 percent devaluation. It fell to almost 10 Hong Kong dollars to \$1 in the space of two years.

The authorities were forced to take drastic action. They linked the currency to the U.S. dollar at the rate 7.8 Hong Kong dollars to \$1. The link has been in place ever since.

The Hong Kong dollar has remained rock solid. Today it is the only freely convertible currency in East Asia that has survived the financial turmoil unscathed. While other currencies are being plunged, in some cases by more than 80 percent against the U.S. dollar, the 1,600 Hong Kong dollars in the territory's banking system lost none of its value.

In the face of the regional devaluations, many have questioned whether Hong Kong can maintain the U.S. dollar peg. Our argument remains that we cannot afford to lose the link. Cutting it would set off another wave of currency instability in East Asia.

However, where the territory had become uncompetitive was in property prices. The years of high prices, high inflation and negative interest rates had created a bubble economy that needed to be corrected if Hong Kong wanted to retain its commercial and economic vibrance.

East Asia's financial turmoil has hastened the pace of this correction. Hong Kong is now in the midst of a major economic adjustment — property prices have fallen (in some cases by as much as 40 percent), stock market capitalization is down by more than 40 percent, tourism is down by about 20 percent so far this year, unemployment has risen to a 15-year high of 4.5 percent of the work force, and the economy contracted in the first quarter.

The process of adjustment is painful, and I feel deeply for those whose livelihood is affected. The government is doing all it can to help them.

What we are seeing is the reaction of a free market at work, which will ultimately produce a much leaner and

more competitive Hong Kong.

Already the territory's competitive edge is improving with lower property prices, which reduce the cost of doing business.

Annual inflation is down to 4 percent. China, Hong Kong's hinterland, is continuing to grow, not at the 8 percent rate forecast at the start of 1998 but still at a very healthy 7 percent for the first half. Our foreign currency reserves, at \$96.5 billion, are the third largest in the world, after Japan and China.

We are embarking on a \$30 billion infrastructure program to build for the future. The program includes investment in railways, roads, housing, education, training and new technology — the kind of projects that will make us more competitive as we move into the 21st century.

These are areas where Hong Kong has performed well in the past and will continue to do so in future.

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By combining Hong Kong's international business know-how with its access to lower cost resources in the delta region and beyond, we can further expand our role as a middleman for new venture capital in China.

The writer is Hong Kong's chief secretary for administration. This comment was adapted by the International Herald Tribune from a speech at a business lunch on Aug. 14 organized by the Hong Kong International Trade Office in Singapore and the Singapore International Chamber of Commerce.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: U.S. Supremacy

WASHINGTON — Orders were sent to General Merritt that there is to be no joint occupation with the insurgents of Manila, but that the American supremacy must be absolute. In a formal order that has been sent to the President, the policy is clearly set forth. It states: "The insurgents and all others must recognize the military occupation and authority of the United States and the cessation of hostilities proclaimed by the President."

As a Special Administrative Region of China since July 1997, Hong Kong has been handed unique opportunities to

work with mainland authorities and derive mutual advantages from cross-boundary development. The territory's management skills, entrepreneurial drive and access to capital markets can be harnessed to develop value-added business services and upgrade the industrial base on the mainland, particularly in the nearby Pearl River Delta.

By combining Hong Kong's international business know-how with its access to lower cost resources in the delta region and beyond, we can further expand our role as a middleman for new venture capital in China.

1923: Klan University

PARIS — The purchase of Valparaiso University, in Indiana, by the Ku Kl

## OPINION/LETTERS

What's Up in America?  
A One-Day Value Check

By E. J. Dionne Jr.

**WASHINGTON** — If all goes according to plan, the newspaper you are now reading will be filled with news about President Bill Clinton's testimony before Kenneth Starr's grand jury. You will be up to here with talk about sex and alleged perjury.

Place the blame for this mess, as you wish, on the president, on the special prosecutor or on both. But be wary of any claims you hear that this very strange episode reflects profoundly on the moral state of Americans as a people. Before you buy the idea that there is a crisis in the nation's values, consider the other things that happened Monday.

The people at Martha's Table, a big yellow building about a mile from the White House that houses a program for the homeless, were planning to do what they do every single day. About 200 children, ranging in age from 2 to 17, showed up at their door early in the morning. They consumed 66 pounds of cereal before embarking on a day of play and learning, said Susan Schieffer, the organization's director of development.

The volunteers arrived later — on a normal day, 70 to 100 of them — to make sandwiches, pack potato chips, bag cake and donuts so the organization's vans could head out to feed from 1,000 to 1,200

homeless people in Washington. Ben Belizer, the executive director of the Interfaith Housing Coalition in Dallas, was pretty sure what he'd be doing as the testimony in Washington dragged on.

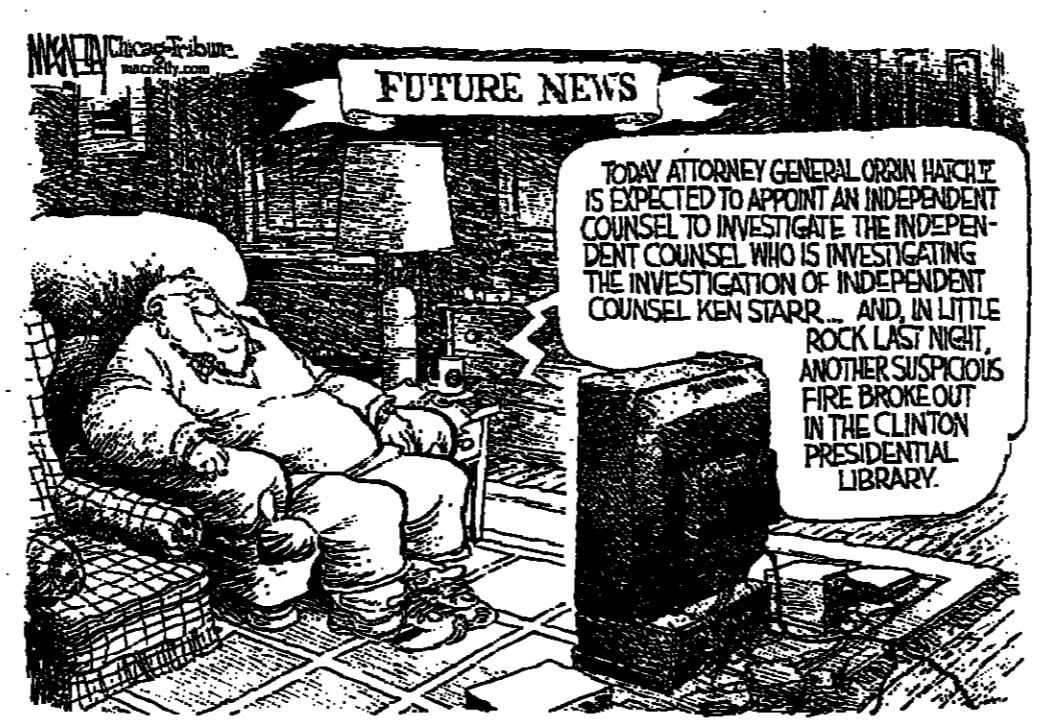
"On that Monday morning, I'll be holding the hands of some single mother whose abuser has found out where she's living and has tried to abuse her again. She'll be talking about her difficulty in giving her children the things that they want and that she can't give."

The poor, Mr. Belizer says, do not get the publicity that accrues to big Washington controversies.

"They're only sensational when they kill or rob a store," he said. Mr. Belizer has worked in mission programs for a quarter-century and is philosophical about the country's moral state. "I don't think we have any more moral decay than we had 20 years ago," he said. "We just know about it better."

In Los Angeles, 700 children, aged 6 weeks to 18 years, showed up at Para Los Niños — For The Children. The group's center on East 6th Street sits hard against the garment district, the produce market and a tough red light area.

The news shows covering the Washington story minute-by-minute should not count on a big bump in viewership from the or-



ganization's 130 employees. They will be too busy teaching and counseling and working at the group's summer camp, said Miki Jordan, the president of the organization, taking children who might not otherwise get there to the science museum or a water park.

Up the California coast in Santa Maria, Sister Janet Corcoran, vice president of Mission Services at the Marian Medical Center, expected to spend part of her Monday planning an anti-violence program for her town and nearby communities this fall.

Her program focuses on "the worth of each person in the human

family," she said, and the good works they can do.

"You know the media focus given to violence," she said matter-of-factly to the media representative at the other end of the phone line. "If we could focus on the good humanity does, it could change the tenor."

In New York City, Sister Mary Rose McGeady heads Covenant House, one of 1,700 children show up at her organization's centers on a typical Monday. They are children with no homes or children who fear returning to the ones they have — "runaways, throwaways, homeless street kids."

Washington Post Writers Group

## LETTERS TO THE EDITOR

## Clinton's Speech

President Bill Clinton deserves full marks for his dignified speech to the nation on the Monica Lewinsky scandal. Within the strict definition of what constitutes a sexual relationship, I understand that the president considered that none had taken place. His testimony earlier this year in the Paula Jones case thus was legally correct.

If impeachment continues to be discussed in this context it can only be by those who have something to gain by keeping this affair alive.

ROGER F. HUNZIKER  
Geneva

If the U.S. Constitution stip-

ulates that a president must resign if he causes exorbitant amounts of embarrassment to himself, the office of the presidency and the nation due to a whole and utter lack of good judgment and common decency, Mr. Clinton would be waving "V" signs from the door of a helicopter departing from the South Lawn right now.

KAREN BERGAN  
London

The recent terrorist bombings in Kenya and Tanzania are two more reminders of how grave the world situation has become, especially for us Americans, wherever we may happen to live, and how essential it is for the United States to have a full-time

government in operation to confront the perils that face us.

So, would the independent counsel, Kenneth Starr, please find another sandbox to romp in?

DONALD ARTHUR  
Munich.

## India and Kashmir

Regarding "The Kashmir Pulse" (Opinion, Aug. 4):

The editorial misses an important point. India has a 20 percent Muslim population that is spread around the country in several concentrated pockets. That equates to approximately the total population of Pakistan. If India has to cede predominantly Muslim Kashmir to Pakistan, what other

parcels are to be next? I see no conceivable situation under which India will relinquish sovereignty over Kashmir, except an unconditional battlefield victory by the Pakistanis and that is highly unlikely. Those who preach to the Indians should recognize this fact.

S. A. MADHAVAN  
Fredericksburg, Virginia

## Undermining NATO

Regarding the report "NATO Approves Kosovo Action Plan" (July 14) by Joseph Fitchett:

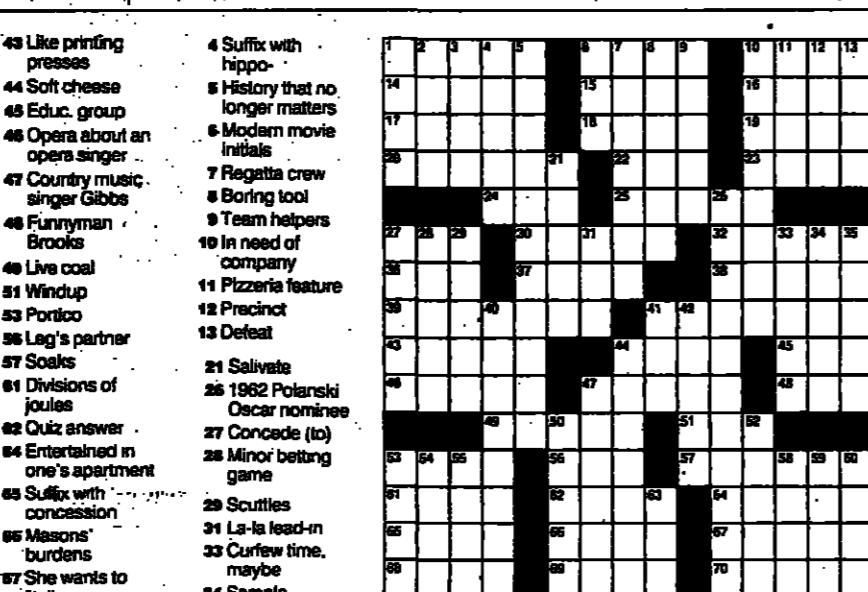
Mr. Fitchett's cogent article limns Moscow's continuing undermining of the North Atlantic Treaty Organization.

The expansion of the NATO alliance is bearing its bitter fruit: The Russian Duma has not approved the START-2 nuclear treaty; the Russian foreign minister, Yevgeni Primakov, is re-assuring Serbia, Russia's traditional protégé, that it will block any intervention by NATO in Kosovo; President Jacques Chirac of France is less than happy about a NATO action that baits the Russian bear. Greece is seemingly quiet, but views with concern the possibility of an attack on Serbia, a historical ally.

This is but the beginning of the deterioration of NATO, the result of President Bill Clinton's folly.

WILLIAM GREENWAY  
Paris.

## CROSSWORD



## INTERNATIONAL

## Congo's Fate Lies in the Hands of Neighbors Grown Used to Intervening

By Howard W. French  
New York Times Service

KINSHASA, Congo — By day's end here, when the sun's red disk sinks below the horizon and this electricity-deprived city now on a razor's edge fades to black, the only people who remain in the street are the soldiers.

There are the clusters of uniformed men who patrol on foot, clinging tightly to their rifles, uncertain as they are of their future. And then there are the thousands of fresh recruits, still dressed in rags, who mill about in the streets.

"We want to fight to save our nation from the Rwandans," said Pierre Kunga, an 18-year-old who is one of the recent recruits who haunt the streets at night but have not been given arms. "This is no time to debate the flaws of our leaders. Our country is about to be swallowed up."

But despite the success of President Laurent Kabila in turning out thousands of volunteers in recent days for what he says will be a "long and popular war" against a Rwandan-backed rebellion, these new "fighters," many of them teenagers who have been trained with nothing

more than mufflers to use as mock guns, are unlikely to be decisive.

Instead, the endgame of this conflict, the latest of many in a country whose history has been full of uprisings, is likely to be decided by more powerful neighbors with sharply divergent interests, but with one trait in common: They have all grown used to playing king-maker in Africa's third-largest country.

When Mr. Kabila himself was swept to power at the head of an alliance principally armed and manned by Rwanda, Uganda and Angola, Washington seemed to applaud after a brief moment of hesitation over the military overthrow of a long-time ally, Mobutu Sese Seko. These were "American solutions to African problems," according to a fashionable phrase in policy circles.

As Mr. Kabila's star wanes, following a 15-month presidency marked by erratic behavior, diplomatic blunders and sinking popularity, it is now those same allies whose interests are beginning to clash dangerously as the Rwandan-led effort to overthrow Mr. Kabila gains pace.

In starting their second rebellion in Congo in as many years on Aug. 2, Rwanda quickly secured the allegiance of Mr. Kabila's biggest army unit,

the 10th Brigade, in the eastern city of Goma. Two days later they were boldly flying rebel troops to the opposite end of the country, where they opened a front near Kinshasa in the west.

"This is unbelievable," gushed a Western diplomat, before the evacuation last weekend of the U.S. Embassy here. "They have nearly achieved as much in seven days as the Kabila rebellion did in seven months."

Rather than give up without a fight, as his predecessor, Marshal Mobutu, did, what Mr. Kabila has done in the last few days is to throw his energies into rallying Angola and other African countries behind the idea that Rwanda is threatening stability on a grand scale.

It is unclear whether Mr. Kabila's personal diplomacy comes too late or will produce too little concrete support to save his own regime. Local businessmen and others with knowledge of military activity here say that Angola has been using its airplanes to ferry troops for Mr. Kabila's army, and has provided the government with a battalion of so-called Katangese gendarmes, longtime Congolese exiles who have fought in Angola's army.

What is becoming clear, however, is that there is a growing rift within the continent separating

Rwanda and Uganda, two of Washington's closest African friends, and other countries, mainly in southern and central Africa, that resent their far-flung interventionism.

For now, say experts in African political affairs, Congo is the theater of this tension, whose immediate effects are still mostly unpredictable. What is to be feared, they say, is that the rivalries and instability these tensions create may eventually be played out on a far larger stage.

"What is happening now could lead to the breakup of the Congo," said one senior central African diplomat who spoke on condition of anonymity. "It could lead to a new explosion of the civil war in Angola. It could backfire on Rwanda, exacting a terrible price from a country that is ruled by a small minority."

Under the first scenario, if Mr. Kabila's forces are unable to hold the capital, they may simply decide to beat a retreat to the president's ethnic fief in southern Congo, effectively turning the mining town, Lubumbashi, the country's second-largest city, into a de facto rival capital of Kinshasa.

What is worse, these analysts say, however well masked by hastily cobbled-together coalitions, the imposition of a new government in Kinshasa by a foreign power like Rwanda, which is deeply despised by the population of much of this country, is unlikely to produce stability.

Although Angola, which has the region's largest army, has yet to completely show its hand in the current crisis, African diplomats say that country's primary interest here is in having a stable government, and one that can secure the long common border.

Finally, there is tiny, but powerful, Rwanda.

Whether or not the rebellion succeeds in toppling Mr. Kabila, many here say that over the long term Rwanda's interventions in Congo are likely to come back to haunt Kigali.

Already, in his desperate efforts to save himself, Mr. Kabila's government has openly made common cause with anti-Tutsi guerrilla groups that have been attacking Rwanda and Burundi for years from Congolese soil.

"This was a repeat of an already failed attempt to settle the future of Congo by force," said one senior African diplomat. "Instead, it has set people and whole regions against each other. What we have now are nations and whole communities that are learning to hate each other."

## ULSTER: IRA Offshoot Regrets Bombing

Continued from Page 1

several hundred mournful people, many weeping as they prayed, crowded around a small gray stone church and graveyard near the rural village of Augher, near Omagh, to watch the burial of Avril Monaghan, 30, her 18-month-old daughter, Maura, and the two infant girls in her womb, due to be born next month.

The Monaghans were the first victims to be buried. Mrs. Monaghan's mother, Mary Grimes, who will be buried on Wednesday, was also killed with her daughter and granddaughter on Saturday afternoon as they left a shop on Market Street. They were all killed when a terrorist car bomb devastated the downtown shopping area at midafternoon in Omagh.

No one could recall when a single terrorist attack had simultaneously killed members of three generations of the same family.

"We pray for forgiveness for those who caused that most awful act of murder," said the Reverend James Grimes, Mrs. Monaghan's uncle. "We hope that this may be the last of the terrible agonies that people have suffered during the past 30 years."

At the 200-year-old church of St. Macartan, on a hill with a view of several fields of grazing cattle, many people who had apparently been fighting back tears broke down and wept as two coffins, a large wooden one and a small white one, were carried out of the church to the graveyard. Michael Monaghan, the husband and father, who still has three children, two girls and a boy, under five years old, lowered his head and was guided by friends who held his arms.

People stood guiltily on graves and leaned on headstones, straining for a look at the burial, giving formal responses to prayers recited by one of the priests.

A neighbor, Liam McConnell, who runs a pub here, said he had just agreed to hire Mrs. Monaghan as a bookkeeper.

Instead, he brought his old mandolin to St. Macartan's on Tuesday and played a traditional Gaelic song of mourning.

P.J. O'Connor, a cousin of Mr. Monaghan's, said he and others had sat up Monday night with the bereaved father. "He was taking it fairly well," Mr. O'Connor said. "With people around you, you're all right. We talked about other things. About football, the local teams. There was no drinking."

Mr. O'Connor, a 45-year-old housebuilder, works with Mr. Monaghan, who is a joiner. He said the area for miles around this village was largely overwhelmingly Roman Catholic and that most of them voted in May in favor of the new Northern Ireland peace agreement, which is designed to end the violence and give Catholics more political power in this predominantly Protestant province.

"She was a very friendly person," he said of Mrs. Monaghan almost in a murmur.

"Then she went out shopping with the baby in Omagh."

Police on Tuesday were still questioning five men arrested in the area on Monday in connection with the attack. The Irish and British governments were preparing new security measures to curb terrorism, but indicated that they would not now propose the restoration of preventive detention, internment of terrorism suspects without trial.

In the early 1970s, the British interned hundreds of IRA suspects, but they became international celebrities as they protested their imprisonment in hunger strikes.

Tuesday afternoon Prince Charles visited Belfast and Omagh to offer the British royal family's sympathy. He recalled that his uncle, Lord Mountbatten, had been killed by the IRA in 1979.

"My memory goes back to 19 years ago when Lord Mountbatten was killed," he said. "so I do have some understanding of the awful horrors that people have to put up with."



The funeral cortege of Avril Monaghan and her daughter, Maura, en route Tuesday to St. Macartan's Church near Augher, Northern Ireland.

## PSYCHE: Time and Again in Public Life, Clinton Treats the Truth as an a la Carte Menu

Continued from Page 1

such protean political talents could indulge in such conduct at a time when he knew a special prosecutor was already scrutinizing his administration and when his own re-election still hung in the balance remains the most puzzling question about William Jefferson Clinton. But it is not a new question, and in some ways it was entirely predictable that this president should have come to this pass, his promise once again shadowed by his shortcomings.

For Mr. Clinton has always been convinced that he could outsmart, out-talk, out-charm and outlast any adversary, and very often, enough to confirm that conviction, he has. In the darkest days of the 1992 primaries, he dared to campaign on a platform of personal responsibility, despite widespread questions about his own marital fidelity, marijuana use and draft record, and widespread doubt that his answers were candid or complete. In his first term, he shifted ground so many times that even his best friends sometimes said they did not know where he stood.

Time and again in the risky running

melodrama of his public life, Mr. Clinton has treated the truth as an a la carte menu. On Jan. 21, as news of the accusations involving Ms. Lewinsky came out, Mr. Clinton told National Public Radio: "I don't know any more about it than I've told you, and any more about it, really, than you do."

Even Monday night, Mr. Clinton insisted that when he testified under oath in January that he had not had a sexual relationship with Ms. Lewinsky, his answers were "legally accurate," though he added: "I did not volunteer information."

In the end, such sweeping elisions lie far beyond the ken of conventional political analysis. But professionals who have studied the arc of Mr. Clinton's life and career have suggested some answers.

"Most people wish to think well of themselves," wrote Stanley Renshon, a political scientist and psychoanalyst at New York University in his 1996 study of Mr. Clinton, "High Hopes." "However, Bill Clinton appears to have come to believe the best of himself and either to avoid or discount evidence from his own behavior that all is not as he believes it to be. He attributes to himself the most sincere and

best of motives. His errors, when acknowledged, are the result of basically correct efforts gone temporarily awry, misunderstandings that, if one knew more of what he knew, would disappear or be mitigated, or else are attributable to naivete and inexperience."

Mr. Clinton may have come by his capacity for denial and compartmentalization naturally. They were among the qualities that allowed his widowed mother, Virginia Kelley, to persevere after Mr. Clinton's father died three months before he was born and that allowed Mr. Clinton to make what most critics regarded as a splendid State of the Union address just days after the intern scandal broke.

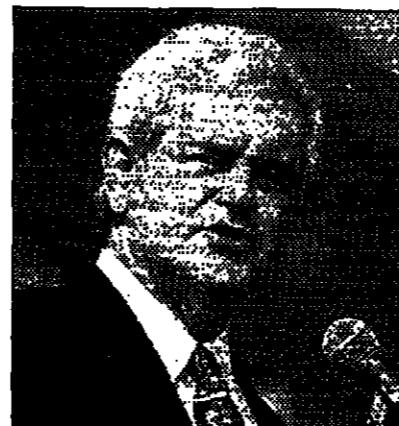
"When bad things do happen, I brainwash myself to put them out of my mind," Mrs. Kelley wrote in an autobiography, published after her death in 1994 under the president's review. "Inside my head, I construct an airtight box. I keep inside it what I want to think about and everything else stays behind the walls. Inside is white, outside is black: The only gray I trust is the streak in my hair."

But gray is Mr. Clinton's favorite weapon. It has been central to his successes and to his setbacks. As governor

of Arkansas and then as a presidential candidate, he succeeded in blurring old distinctions of ideology, proclaiming himself neither liberal nor conservative but "new." As president, he at first promised both a tax cut and new spending, then raised taxes instead. Two years later, he apologized for raising taxes too much, claiming that Congress had forced him to do so, a claim at sharp variance with the facts.

Innumerable times, Mr. Clinton has accepted responsibility and forsaken blame. After his 1980 defeat after one term as governor of Arkansas, his political consultant Dick Morris advised him that the key to a comeback was to apologize for past mistakes, like raising taxes and car license fees. Mr. Clinton resisted repeated entreaties to say he was sorry, devising his own folksy formulation for a television commercial: "When I was a boy, my daddy never had to whip me twice for the same thing."

In fact, the only daddy Mr. Clinton knew was an alcoholic stepfather who sometimes beat his mother, not him. And the president has spent a great part of his life being whipped, often quite publicly, for repeating his own mistakes.



Newt Gingrich speaking Tuesday.

He said he would reserve judgment on the president's admissions until receiving Kenneth Starr's report.

administration cautioned that Mr. Clinton may not enjoy the strength needed to carry out such challenges.

The question is whether those in the political process — congressmen and senators — will abide by his wishes and believe in what he is saying," the Republican said.

"There are many who would prefer to stand on the sidelines because they don't know whether or not he can restore his credibility."

"It is a very big question whether he can ever have the voice he once had," said Michael Beschloss, a historian of the presidency.

The consequences of that loss of respect could be enormous. Domestically, Republicans may have even less incentive to cooperate with Mr. Clinton on legislation, unless they believe it is in their own political interest to do so. Throughout the year, Republicans have shown no hesitation to push aside the president's initiatives — the tobacco bill being the biggest example — even though his approval ratings were at near-record levels. If anything, their confidence in opposing him could increase in the coming months.

Mr. Beschloss held out one historical parallel that offered Mr. Clinton some hope for the rest of his presidency: the example of former President Ronald Re-

agan. With the Iran-contra scandal, which erupted during Mr. Reagan's sixth year in office, many declared his presidency over. Instead, Mr. Reagan emerged to reap credit and gratitude for the ending of the Cold War.

"It's possible that you could devise a scenario that, since the core of Clinton's authority is political management, not character, there is some way he can tunnel through this and get on to the two last years and show presidential leadership. But that depends on how people react and what they hear about his testimony and what is in the Starr report," Mr. Beschloss said.

Mr. Clinton's Democratic allies discount the dire suggestions that the president may have trouble re-establishing his leadership. "My personal belief is that we tend to write off the strength of a president too easily," said Al From, the president of the centrist Democratic Leadership Council.

Mr. From said the president would have two big opportunities to refocus his presidency in the coming months, first with the commission on Medicare,

which is to report later in the year, and second by spearheading a reform of Social Security.

"I don't think this presidency is over by a long shot," Mr. From said.

But a Republican from a previous

## CLINTON: Key Questions Unanswered

Continued from Page 1

his departure for a two-week vacation in Massachusetts to call leading Democrats, as well as members of his staff and supporters, and seek their understanding and support.

Republicans continued to caution that the Lewinsky matter will not be over until Mr. Starr reports to Congress, probably next month, on whether he has found "specific and credible evidence," in the terms of the law, that Mr. Clinton committed perjury or other crimes.

While 60 percent of Americans said in a CBS poll that they were satisfied with his comments and similar numbers continued to support his job performance, a CNN survey found that his personal approval rating had plunged from 60 percent to 40 percent.

But most Americans do not favor either Mr. Clinton's resignation or impeachment proceedings, opinion polls indicated. A USA Today/CNN/Gallup Poll found that 72 percent of Americans believe the country would be better off if he stayed in office.

Nor was it clear that Mr. Clinton had reduced the danger of legal troubles that could result once Mr. Starr turns over his report to Congress or that he had mollified those detractors in Congress who think impeachment proceedings may be justified.

Thomas Mann, director of governmental studies at the Brookings Institution, said, "Probably all of Washington was surprised by the defiant tone of the speech and the limited contribution."

Allan Lichtman, a specialist on presidential politics at American University, said, "Clinton kicked sand in the face of the Republicans by going after the independent counsel. He certainly did less than he could have to repair his relations with Congress" or the independent counsel.

During his session with Mr. Starr and his deputies, Mr. Clinton declined to answer some questions that he considered too personal or graphic, advisers said. As a result, Mr. Starr may still try to force the president to give fuller answers in a second grand jury appearance, The Associated Press reported, citing unnamed sources.

It seemed highly unlikely, however, that Mr. Clinton would submit to a second round of questioning, and legally unclear whether Mr. Starr could compel him to return. Such an attempt by Mr. Starr, said Mr. Mann of Brookings, would lead to "a long and vicious battle."

Mr. Starr continued his investigation Tuesday, calling a former Clinton political strategist, Dick Morris, before the grand jury. Mr. Morris worked at the White House during part of the time Ms. Lewinsky was there, before resigning after reports linking him to a prostitute.

Thus it appeared that the prospect was for continued political rancor and antipathy here in coming weeks and months.

"My reading of the speech," said Mr. Mann, "was that Clinton was preparing for all-out war with Ken Starr. He's convinced that Starr is out to get him, and he's sending a signal that he won't go easily."

Mr. Clinton's comments about the independent counsel clearly angered many congressional Republicans.

Senator Orrin Hatch, the Utah Republican who has emerged as a party spokesman on the Lewinsky issue, said of Mr. Clinton's comments on Mr. Starr: "That's the biggest mistake he's ever made."

A former vice president, Dan Quayle, and a prominent Republican senator, John Ashcroft of Missouri, called on Mr. Clinton to resign.

Still, Mr. Hatch said that Mr. Clinton's expression of regret may be enough to persuade legislators to drop any possible impeachment inquiry, assuming Mr. Starr produces no convincing evidence of obstruction of justice.

The speaker of the House, Representative Newt Gingrich of Georgia, said Tuesday that it was too early to judge the president, or the impact of his comments Monday to prosecutors and the public.

Democratic legislators, who had been cautiously supportive of Mr. Clinton as he maintained his innocence, expressed disappointment that the president had lied, but declared his explanation adequate.

The House minority leader, Richard Gephardt of Missouri, said in a statement, "It is my most fervent hope for the nation that this investigation can be brought to its long overdue conclusion."

## 'Chimes': Weirdly Majestic *Chichester Stages* Welles's 'Lost Classic'

By Sheridan Morley  
International Herald Tribune

**L**ONDON — In 1966, Orson Welles took Shakespeare's greatest chronicle plays, the two parts of "Henry IV," plus a scene from "Henry V," cutting and telescoping them into a great if flawed film masterpiece, much like old Orson himself, which essentially kept all the Falstaff scenes and threw out virtually everything else.

Because the film of "Chimes at Midnight" had a great cast — Welles as the fat knight with John Gielgud, Margaret Rutherford, Jeanne Moreau and Keith Baxter — it has now acquired "lost classic" status. It's the kind of patchwork, incomplete folly that Citizen Kane might himself have shot over a long weekend with a few starry friends at his San Simeon estate, Marion Davies perhaps doing her Mistress Quickly.

Now, at Chichester, we have the first staging of "Chimes at Midnight" since Welles's death, with only Keith Baxter (Hal in the film, now his father, Henry IV, on stage) surviving from the original project. But we also get Simon Callow, Welles's representative on Earth and still midway through his definitive biography, as Falstaff, along with Sarah Badel as Mistress Quickly in a brisk, economic staging by that still most underrated of brilliant stage managers, Patrick Garland, who as either producer or director, often both, has been responsible for almost all of the best of Chichester over the last quarter of a century.

Inevitably, the production has already run afoul of many of my critical colleagues simply because Garland, Callow, Baxter — and I guess you could include Welles himself — stand for a tradition that reached its height at the Old Vic of the late 1950s and then got overtaken by the Cambridge academics who founded the Royal Shakespeare Company and later ran the National.

It also has to be said that, given Chichester's current economic troubles, this "Chimes at Midnight" is woefully underfunded and often horrendously undercast, so that at times it looks like the kind of tacky pageant run up by Hilton Edwards and Michael MacLiammoir at The Gate in Dublin, where they first discovered Welles early in the 1930s. Yet for all that, there is a weird kind of majesty here, and most of what goes wrong is simply what went wrong when Welles first had the characteristically megalomaniac idea of an all-Falstaff show 40 years ago.

If you cut away all else in these great plays, you lose that all-important sense of a tapestry of England from the highest to the lowest in the land. All that really obsessed Welles was the idea of Hal torn between two fathers, Falstaff and the king, but a result many of the minor characters here drift around the stage shorn of their subplots and therefore with no real reason for existence.

Callow is a memorable if not mesmeric Falstaff, lacking both the ruined majesty of the late Robert Stephens in the role but also unable to capture the joyous



Keith Baxter as King Henry IV in Chichester's "Chimes at Midnight."

bravado of the best I ever saw, Anthony Quayle. For all that, he is a thoughtful, jovial, intelligent and at the last, touching old knight — best when he is left alone on stage to chat to the audience about the joys of alcohol or the manly of seeking honor on a battlefield.

Elsewhere, however, both Tam Williams (as Hal) and Tristan Gemmill (as Hotspur) are dangerously and unexpectedly lightweight, and it is left to a few old-singers like Timothy Bateson and John Warner to bring, in the Shallow-Silence scene (also shamefully truncated by Welles), a rare distinction in character and verse, though other old luvvies in beards and cloaks wander around as if involved in some prewar Garrick Club pantomime. Yet there is something crucial at the heart of this production; a reminder of the intermittently blazing power of the theater, and that sense of vast personal drama in which the actor is all. We are still only gazing a corner of Shakespeare's tapestry, but you are unlikely ever to see anything like it on any other stage in the country.

Back in London, the great news is that after more than a decade in the dark, the Round House at Chalk Farm is once again open for theatrical business: the less great news is that it reopens with a National Theatre touring revival of "Oh What a Lovely War" so endlessly, pointlessly overblown and overlong that it might have been a lot faster to just rerun World War I itself.

Joan Littlewood's 1960s Stratford East classic, cobbled together from an old radio show recalling the songs of the trenches, has been spectacularly filmed by Amembrough and frequently revived on stage. At its best, it is a taut satire that brilliantly counterpoints the inanely up-

beat music-hall songs of the period with the sheer horror of statistics showing how many millions were pointlessly slaughtered in the war to end all wars. In its own concert-party Pierrot way, this was the nearest the British theater ever got to Kander & Ebb's "Cabaret," about the coming of another world war, but there is no excuse for Fiona Laird's new production to push it over the top to three hours when two has always been adequate, especially when Littlewood herself was a great advocate of cutting.

**A**LSO, though David Arnell is a fine, sinister master of ceremonies in the Joel Grey tradition, and Clive Hayward is masterly as the incredibly stubborn, murderous Haig, we sorely lack character actors of the original Joe Melia/Murphy Melvin variety. The final curtain is therefore as welcome as the Arministic, and we seem to have spent as long a time getting there.

Meanwhile, a brisk revival of Joe Orton's most famous farce, "Loot," comes into the Vaudeville from Chichester — still raising a lot of gruesome laughs as a couple of bank robbers and a murderous nurse try to dispose of a corpse so they can fill the coffin with stolen banknotes. Orton was the first to see the comic potential in linking the worlds of Brian Rix and Oscar Wilde, so that farcical stereotypes speak in the outraged language of Lady Bracknell, and he was also — in the character of the manic, forlorn Truscott of the Yard — to create one of the great comic archetypes of this half-century.

But that, over 90 minutes, is about it. David Grindlay's brilliantly cast production is now looking a little threadbare, and its original shock value has inevitably begun to show its age.

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## Miles Evans: Names Count

By Mike Zwerin  
International Herald Tribune

**P**ARIS — Growing up, Miles Evans preferred to listen to Ray Charles and Stevie Wonder and others who were admired by his namesakes and who could afford their own airplanes. He did not listen to the music of Miles Davis or his dad, Gil Evans.

Davis always had a Ferrari or a Lamborghini or two parked here and there, but they don't fly. He kept totaling them. And Gil was the kind of person who would laugh at the irony of his actually needing the senior citizens discount on the subway.

All of this probably has more to do with the weight of given names than with ownership or transportation. Whatever, the kid began to feel more comfortable when trumpeters befriended him. "Wow!" he thought. "If this is the way trumpet players are, I want to be one."

In what he calls "my little reality," he got the feeling that trumpet players were different in kind from other people. They were kinder. He was aware of a "special bond" between him and the trumpeters. Marvin (Hannibal) Peterson and Jon Faddis went out of their way to be considerate. Lew Soloff loaned him a horn when he was only 13.

These trumpeters all played with his father's orchestra. They played correctly. They had strong embouchures and were careful to avoid excess pressure on their chops. The trumpet is an extremely physical instrument. They kept in shape, watched what they ate on the road and they took care to develop good posture for better breath control. They could sight-read, play lead, and improvise too.

Miles Davis was not that kind of a trumpet player. He was not a very supportive person either. Evans was not really all that close to Davis, but still, being named after him was a bond. Evans was 16 in 1981, when Davis began a comeback. Davis and Gil Evans were not on speaking terms at that point. They were kind of "taking a break from each other" is the way the son looks back on it.

But he had Davis's number and being a teenager, he could get away with dialing it. He went over and had a "little lesson." They spent some hours together. It was fun. Davis was talking about interesting stuff. But coming back was a full-time job. Davis was trying to coordinate his head with his fingers, and he was fighting for his health too. It was amazing that he could still play the trumpet at all with the distractions he



Miles Evans: Trumpet players were different.

was so good at manufacturing. And anyway Davis had never claimed to be anybody's father figure.

Gil Evans went to London to conduct British musicians playing his music. He could not afford to bring his own. Young Miles went along for the ride after Davis bought his ticket. As long as he was going, he took his horn. One thing led to another. Afterward, the New York band went to Japan, to Europe, and to Japan again. By the time Sting sang Jimi Hendrix songs with them, young Miles was a permanent part of the trumpet section.

**W**HEN his father got sick in 1987, the band was playing for packed houses every Monday night in the Sweet Basil club. After he died in 1988, the son talked to the owner about continuing them. It was a good idea and it worked.

"Amazing players" like Hiram Bullock, George Adams and Brad Mehldau passed through the band. Miles Evans had begun to lead. But there was a boss's son problem. Evans was only 24 when he took over. He had no track record; he had never done protracted work with anybody else. He looked at it as a growing experience. John Scofield taught him about sharp ninth chords and so on, and he studied his father's scores.

Gil wrote unusually strong inner voices. A second trumpeter played lines that were as interesting as the lead. There were in fact no secondary lines. A third also saxophone part played all alone could work as a solo. This encouraged

everybody to listen to everybody else, and so they all played with more care. Miles Evans is still full of wonder about it: "Gil would have a muted trumpet going up, a bassoon line going down and a dissonant tuba note on the bottom. The new sounds he found were really awesome."

Watching the audience in the New Morning in Paris when the band performed there recently, you noticed that the joy of hearing nutt sections from "Porgy and Bess" would light up their faces. It was like they were meeting old friends. Not ex-friends now rich or legendary; hearing these familiar ensemble passages was like rediscovering dependable companions who have been in your life for many years. You go on loving them even though they keep repeating themselves. What they have to say bears repetition.

At the end of the evening after the audience had left, Evans said that the band will be back in Europe this winter "if the estate agrees." "The estate is the boss when it comes to the Gil Evans name. It's a long story and I'd rather not get into that now."

His mother, Anita Evans, the executrix of the Estate of Gil Evans, sitting by Miles's side, also preferred not to get into it. A painter and a native of Greenwich Village, she is a woman with great poise who is always careful to be modest in relation to both of her sons' careers.

Miles's older brother, Noah, was disconnecting the New Morning's sound mixing table. He had been the sound man that night. Noah has worked as an engineer or a producer with, among others, the Beastie Boys, Sting, Willie Dixon, Robbie Robertson, Luscious Jackson and Gil Evans. He plays the bass and writes songs too, and that night Noah also had served as a roadie, setting up the stage and tearing it down. Anita hoped that they would be able to afford a full-time roadie for the next tour.

Miles Evans wore a tight T-shirt on stage and it was obvious that he works out. He lifts weights, stretches, pedals an exercise bike and practices yoga too. "You just feel better. And with the stretching, you're not stiff. It's a great feeling."

Miles Davis was into that too but not the same way. There was one trumpet player he would never go to hear because he said he didn't like the suits the guy wore. He was so fashion-conscious. He had this amazing ability to constantly wear real cool clothes. When styles changed, he'd keep right up.

"Miles was into looking good more than feeling good. I'd rather look good and feel good at the same time."

## BOOKS

### HAPPY ALCHEMY: On the Pleasures of Music and the Theater

By Robertson Davies. 384 pages. \$27.95. Viking.

Reviewed by Peter Marks

**N**OB OFFENSE to Canada, but in a way it's too bad that Robertson Davies did not live in a country of more, shall we say, geopolitical import. Davies, a novelist, playwright, newspaperman, commentator and critic who died in 1995, was a keen observer, defender and interpreter of all things Canadian, and to say that his status in that vast, sparsely populated nation was as a kind of free-thinking Shavian figure is to reflect on both the breadth and vitality of his intellect and, perhaps, the all-too-limited boundaries of his influence, at least as far as affairs of the nation are concerned.

His range of interests extended far beyond the borders of Ontario or Manitoba, of course, as is ably demon-

strated in "Happy Alchemy," a posthumous collection of essays, plays, speeches and librettos edited by his widow, Brenda Davies, and their daughter Jennifer Surridge.

Aptly subtitled "On the Pleasures of Music and the Theater," the anthology narrows Davies's focus to two of his lifelong passions, opera and drama. This is by no means intended to narrow our view of Davies, celebrated author of "Leaves of Malice," "The Manticore" and "What's Bred in the Bone." If anything, the book in thoroughly entertaining fashion acquaints us with Davies's expansive erudition and gift for rendering literary and historical complexities in simple, human terms.

The Greeks, Shakespeare, Mozart, Verdi, Shaw: They all enthralled Davies, an inveterate theatergoer who grew a bit compulsive about his habit. In 1975, his editors report, he began augmenting the diaries he kept for much of his life with notices he wrote up for every play and opera he

was concerned.

The purity of his passion is apparent in the assortment of short takes that make up "Happy Alchemy"; it becomes clear, as you absorb his arguments on the nature of evil in "Macbeth," or why the genre of melodrama has been unfairly maligned, or how Lewis Carroll's obsession with little girls, so suspect to the contemporary skeptic, could have remained chaste, that Davies is the ideal theater buddy, a generous audience member with a classicist's appreciation of form.

If he seems a little impatient at times with the liberties of modernism, you chalk it up to his wide experience of more traditional kinds of theater (although, interestingly, he rails against realism on the stage). He was not anything close to an old fogey about the theater or opera. He was simply a playgoer who knew a little about virtually everything, and in some specific areas of inquiry quite a bit more than that.

There's something donnish in his ruminations, and the 33

entries in the collection represent the marginalia of a life in academia and letters: the texts of addresses to gatherings of scholars and theater lovers, introductions to literary anthologies. Waugh-like bits of satire. The author's devoted wife and daughter include Davies' comments on audience reaction to his speeches, which he always found to be (surprise!) very good indeed. (The ego was robust.)

A few of the pieces might have remained in the family scrapbook — Davies's appreciation of Laurence Olivier for Maclean's magazine, for instance, is disappointingly generic — but by and large "Happy Alchemy" serves up his ideas on topics serious and serendipitous as a refreshing medley.

The disparate elements of "Happy Alchemy" may have been put to paper at disparate moments, but there is a linkage here, in the unifying tone of Davies's fancies.

When, in the late 1940s, a friend proposed to write a play about Canada, Davies recalls in one of his essays, he had his doubts: "It was risky because Canada has for a long time been thought a dull country, with dull people. But there was a time when Norway was thought dull, and Ireland was thought absurd, yet both of them brought forth plays which have been acclaimed as treasures by theaters around the world."

As "Happy Alchemy" attest, Canada's own literary reputation got an immeasurable boost with the addition of Davies to the library.

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## Mailing to 'Messaging'

### Pitney Making Transition into E-Mail World

By Claudia H. Deutsch  
New York Times Service

STAMFORD, Connecticut — Michael Critelli well remembers the uncertainty he faced when he became chief executive of Pitney Bowes Inc. two years ago. Investors, and more than a handful of Pitney insiders, were worried that faxes would kill regular mail, then e-mail would kill faxes, and finally, all these changes would kill Pitney's profits.

"People were saying we'd drop off a cliff," Mr. Critelli recalled. "Actually, the company has kept its footing quite well. Its postage meters and fax machines are reeling, but its management services division is finding new customers."

Its stock price and earnings have climbed steadily in the past few years. So has overall mail volume, fueled by direct marketing and a flurry of bills generated from Internet commerce. Indeed, the number of postage meters that Pitney rents went up 5.9 percent last year, the largest annual rise in two decades.

But does that mean that predictions of mail's demise, and, thus, of Pitney's fall, are wrong? Or are they merely premature?

There is certainly reason for worry. The Postal Service is insisting that mechanical meters be phased out in favor of more fraud-resistant digital meters, opening the field wide for digitally savvy competitors like Neopost, Francotyp-Postalia AG of Germany and

Ascom Hasler Mailing Systems, a U.S. subsidiary of Ascom Holding AG of Switzerland. These companies have already carved 15 percent out of Pitney's one-time monopoly in mechanical meters.

The Postal Service has authorized E-Stamp Corp., in Palo Alto, California, to test ways of downloading postage stamps by computer, a method that could go over big with small businesses. On Monday, Pitney said it was talking to "other marketers of computer-based postal products" about licensing Pitney's technology, which the company claims it perfected first.

More rivals with deeper pockets are circling around the increasingly digital messaging world, too. And many mailing experts are questioning whether Pitney has what it takes to go up against Xerox, Microsoft, IBM and the host of other companies that already seem to have electronic communications down pat.

"Traditional mail and metering are under attack," said James Lundy, a research director of Gartner Group, a research organization in Connecticut, "and Pitney had better figure out where it fits in the electronic mail equation."

That is exactly what Mr. Critelli is trying to do. "We used to think solely of helping customers save labor and postage on outgoing mail."

He said, "Now we're looking to compete in every messaging niche."

Mr. Critelli already has combined old departments and created new ones.

He is pushing Pitney's expertise as a



Mr. Critelli discussing the process of downloading postage from Internet.

manager not just of mail rooms, but of any print-on-paper operation. He is doing it all with one goal in mind: to change Pitney's image from mailing company to messaging company.

Mr. Critelli is transforming the company from a decentralized group of stand-alone businesses into Team Pitney. He has combined its office-equipment sales forces so that customers could have one-stop shopping for copiers, fax and mailing equipment.

"When your only tool is a hammer, you treat everything as though it's a nail," said William Shannon, director of business operations for Pitney's new small-office division. "We're finally developing a tool kit."

Indeed, Pitney, which used to sell mainly through its direct sales force, is

experimenting with direct mail, television and Internet sales. It is about to introduce several software products that will let customers track incoming materials and outgoing products, convert bills and other print files to fax or e-mail, and track when a document has been acted on.

A new division, strategic investments, is figuring out how to commercialize products that do not fit into existing divisions. One example: an ergonomics business to help clients reconfigure buildings to accommodate new equipment.

The change is sending shock waves through the company's Stamford headquarters. "It's a lot less compla-

See COPY, Page 15

## Cheap Oil Shrinks U.S. Trade Deficit

Compiled by Our Staff From Dispatches

WASHINGTON — Inflation remained subdued in July and the U.S. trade deficit narrowed in June as lower oil prices offset rising imports from Asia, the government said in separate reports on Tuesday.

Analysts said the data suggested the U.S. economy was still on a path of sustainable growth.

"The storm in Asia is still out there, while we've still got sunny skies in the U.S.," said Diane Swonk, deputy chief economist at First Chicago NBD. "It's a status quo economy."

The consumer price index rose 0.2 percent in July, the Labor Department said, compared with 0.1 percent increase in June, as lower gasoline prices and a drop in clothing costs offset a jump in food prices. The index rose at an annual rate of just 1.5 percent for the first seven months of the year, the report said.

The Commerce Department reported that the U.S. trade deficit in goods and services narrowed to \$14.15 billion in June from a record \$15.54 billion shortfall in May, the first decline in the deficit since January. Much of the June drop was attributable to lower oil prices. The trade deficit with Pacific Rim countries again widened.

Even with the small improvement, the trade deficit for the April-June quarter in goods and services was the highest in history at \$44 billion, un-

derscoring the heavy impact the U.S. economy has sustained from the Asian economic crisis, which has cut sharply into U.S. exports to a region of the world that accounts for a third of America's foreign sales.

For the first six months of this year, America's trade deficit was running at an annual rate of \$158 billion, far surpassing last year's imbalance of \$110 billion. The largest annual deficit on record — \$153 billion — was set in 1987.

Analysts said the combination of low inflation and instability in Asia offered little reason for Federal Reserve Board officials, who began a two-day meeting Tuesday, to change interest rates. The Fed's monetary policy panel — the Federal Open Market Committee — concluded a three-hour, 45-minute private meeting Tuesday by signaling it had made no change in the benchmark rate on overnight loans between banks. That rate has been frozen at 5.5 percent since March 1997, when policymakers raised it a quarter-percentage point.

The economic problems in Asia figured in both economic reports. Lower worldwide demand for oil pushed crude prices down 3 percent in July. That helped keep energy prices, which account for about a tenth of the consumer price index, unchanged last month after falling 0.7 percent in June.

There were some trouble spots. Higher prices for fresh vegetables pushed up food costs, which make up about a fifth of the index, by 0.2 percent in July.

The trade deficit narrowed in June for the first time this year as imports fell 2 percent to \$90.32 billion. Exports of U.S. goods and services fell 0.5 percent to \$76.17 billion during the month.

"The U.S. economy is healthy," the Commerce Department chief economist, Lee Price, said at a briefing on the trade report.

The trade gap with Asia's newly industrialized countries, including Hong Kong, Taiwan, Singapore and South Korea, grew 50 percent in June, as the overall deficit with Pacific Rim countries widened by 13 percent.

The trade deficit with Japan jumped 6 percent in June, while the deficit with China grew 1.6 percent. The numbers measure trade in goods and services and are not adjusted for seasonal variations.

(Bloomberg, AP)

## Markets' Disinterest in Devaluation Debunks a Russia Myth

By Clay Chandler  
Washington Post Service

WASHINGTON — When leaders of the Group of Seven industrialized nations decided this year to include Russia as a full-fledged participant at their annual economic summit meetings, giving birth to the Group of Eight, the rationale was that the former Communist nation was now a crucial player in the capitalist world.

But one would hardly have guessed that from the way world markets have reacted to Moscow's decision to let the ruble slide in value.

Russia's abrupt turnaround in its economic policies Monday turned out to barely affect world financial markets — not surprising, many analysts said, because Russia's importance to the global economy is more myth than reality.

The decision to allow a 34 percent depreciation in the value of the ruble was a stunning shift — only days ago, Russian officials vowed to defend the value of their currency no matter what the cost.

But world markets mostly shrugged it off. Stock and currency markets in some emerging economies slipped Monday, but not dramatically, and by Tuesday most of them had recouped their losses.

Most major European stock indexes rose more than 2 percent Tuesday. In France, the CAC-40 index rose 3.5 percent, to 4,123.25 points, while in Germany, the DAX index finished 2.06 percent higher, at 5,568.88. The FTSE-100 exchange in London rose 3.31 percent, to 5,648.20.

In the United States, investors seemed to barely notice; indeed, the

Dow Jones industrial average finished 139.80 points higher Tuesday, after rising 149.85 points Monday.

"I don't see why events in Russia should completely transform the picture for the rest of the world," said Dan Bernstein, director of research at Bridgewater Associates, a Connecticut-based economic forecasting concern.

In Washington, meanwhile, officials from the International Monetary Fund and the Clinton administration made it clear that they had not approved of Moscow's policy shift. But they stressed that they did not view the prospect of further deterioration in the Russian economy as cause for alarm — or as sufficiently frightening to warrant beefing up the \$23 billion in financial assistance that the international community has already promised Russia.

A senior administration official said

the Fund and the Group of Seven leading industrialized nations had rebuffed an appeal over the weekend from Moscow for still more financial support.

"The feeling was unanimous among the G-7 countries," he said, that giving Russia more money now would have little positive effect on its economic problems.

Clifford Gaddy, a Brookings Institution economist, said that the lack of a strong reaction in world markets to the de facto devaluation suggested that global investors were beginning to recognize that Russia's economic significance pales in comparison with its former superpower status.

Analysts said a collapse in the Russian economy probably would have the largest impact in Germany and Finland, which last year relied on the Russian market for 2 percent and 3 percent of total exports, respectively.

Some analysts, such as John Lipsky,

chief economist at Chase Securities Corp., warned that Russia's retreat on the ruble would give pause to investors looking at similar promises by officials in other economies, such as Hong Kong, Brazil and Argentina.

### Global Private Banking

## WEALTH THAT TOOK A LIFETIME TO BUILD SHOULD BE TREATED WITH THE PROPER RESPECT.



Headquarters of Republic National Bank in New York (Source: S.A. in Geneva)

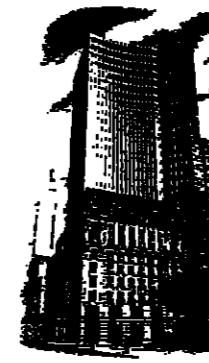
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### ECONOMIC SCENE

#### AFL-CIO Targets Tourism Industry

By Steven Greenhouse  
New York Times Service

NEW ORLEANS — Jacqueline Smith, a 40-year-old hotel maid, knows all too well the hard reality that lies behind this alluring city's tourism boom.

While the city's hotels command premium rates, thousands of workers who carry the industry on their backs — housekeepers, banquet waiters and laundry-room employees — work for wages that keep them below the poverty line. Ms. Smith earns \$5.98 an hour cleaning rooms at the Wyndham Hotel. The \$700 a month she takes home is hardly enough to support her three children.

"I do it to survive," said Ms. Smith, a high school dropout who says she is too busy working and rearing children when it comes to return to school.

"Who likes to clean up behind someone else?" New Orleans is hardly alone in moving toward a tourism economy that creates mainly low-skill, low-wage jobs. But its size and prominence have made it the focus of a campaign by the AFL-CIO to organize workers in one of the United States' fastest-growing sectors: tourism, hotels and casinos.

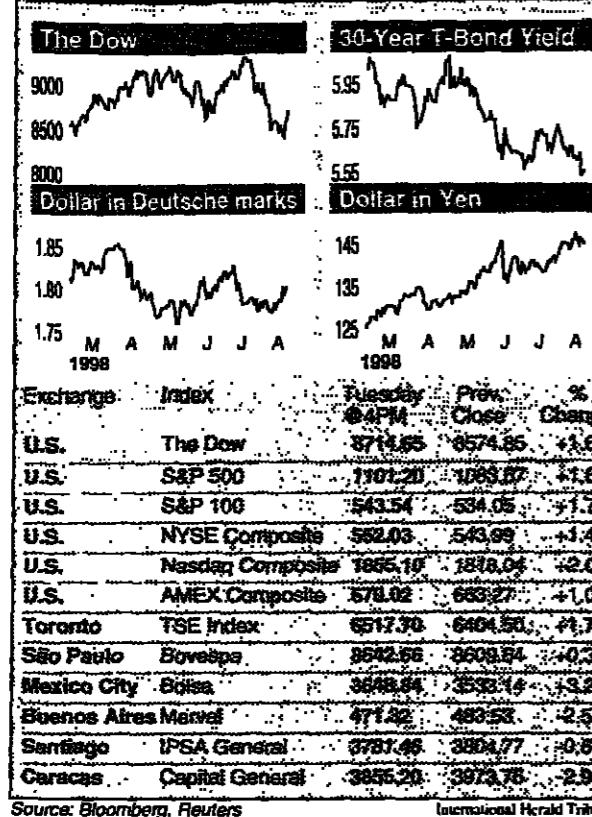
The effort represents an important new

#### CURRENCY & INTEREST RATES

		Aug. 18									
		Libid-Libor Rates					Aug. 18				
		Dollar	DM	FF	Fr.	Li.	D-Mark	Franc	Sterling	French	Yen
5	1	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
5.5	5.5	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
6	6	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
6.5	6.5	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
7	7	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
7.5	7.5	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
8	8	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
8.5	8.5	1.276	1.177	1.054	1.045	1.035	1.205	1.205	1.205	1.205	1.205
9	9	1.276</									

## THE AMERICAS

## Investor's America



Source: Bloomberg, Reuters

## Technology Issues Fuel Wall Street Rally

Compiled by Our Staff From Dispatches

**NEW YORK** — Technology companies led stocks higher Tuesday as Wall Street kept its momentum after a strong rally on Monday.

Tame inflation — as shown by the consumer-prices report released Tuesday — and steady U.S. growth will bolster earnings and share prices in coming months, some analysts say.

The Dow Jones industrial average rose 139.80 points, or 1.6 percent, to 8,714.65, adding to the 150-point advance made Monday. Advancing issues outnumbered declining ones by a 2-to-1 ratio. The Standard & Poor's 500-stock index rose 17.53 points to 1,091.20.

U.S. bonds were little changed after Federal Reserve Board officials voted to leave interest rates unchanged, a signal they expect turmoil overseas to curb U.S. growth and keep inflation at bay.

The price of the benchmark 30-year Treasury bond fell 5/32, to 99 5/32, pushing its yield up to 5.56 percent from 5.54 percent.

The Nasdaq Composite index jumped 37.05 points, or 2 percent, to 1,855.09. Hewlett-Packard, IBM, Intel and Compaq were among the computer-related stocks

## U.S. STOCKS

that rose. Microsoft shares rose 3 15/16 to 1114.

Apple Computer shares continued to rise, gaining 9/16 to 42 9/16, amid optimism over strong sales of the new iMac personal computer.

Stocks in both Sun Microsystems and Lucent Technologies rose after the biggest maker of computer workstations and the No. 1 maker of phone equipment in North America agreed to develop hardware and software to let users send and receive e-mail, voice mail and faxes

from any personal computer or telephone. Sun rose 1 1/4 to 49 1/2; Lucent rose 2 1/2 to 89 1/2.

Yahoo! stock rose 5 1/4 to 97 1/4 after the No. 1 Internet search engine said it introduced Yahoo! Clubs, which allows clubs and organizations to create a Web page for free.

Spyglass shares rose 1 11/16 to 12 15/16 after Motorola licensed the company's technology for putting Internet browsers in cell phones and other devices.

SkyTel Communications soared 5 to 18 1/8 after the company, which operates the only nationwide advanced messaging network, signed up AT&T to resell its services.

Other computer-related companies rallied as investors speculated that the industry, beset by cost-cutting and an inventory buildup this year, will post healthy profit growth in coming quarters.

Home Depot rose 1 15/16 to 44 4/4

## New Pledges Of Support Bolster Yen

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar fell against the yen Tuesday after Japanese officials repeated pledges that the government would sell dollars to support the yen.

Concern over Japanese intervention was fueled by rumors that the Bank of Japan had sold in excess of \$1 billion worth of U.S. Treasury notes in preparation for a new wave

## FOREIGN EXCHANGE

of intervention. Central banks typically sell government paper to finance their interventions in the currency markets. Dealers said the intervention worries overshadowed the market's more fundamental concerns about the economic and financial fragility of Asia.

The dollar was quoted at 4 P.M. at 144.850 yen, down from 145.935 on Monday.

The dollar climbed to 1,801.8 Deutsche marks from 1,794.3 DM after the Bundesbank issued a monthly report that said the inflation outlook in Germany was "favorable," a suggestion that the central bank will not raise interest rates any time soon.

Higher rates would benefit the mark by boosting the return on mark-denominated deposits and bonds. Currently, three-month dollar deposits pay 5.56 percent, compared with 3.5 percent on similar mark deposits. Meanwhile, U.S. Federal Reserve policymakers left the target rate for overnight loans between banks unchanged at 5.5 percent.

Against other major currencies, the dollar was at 6,039.00 French francs, compared with 6,014.05 on Monday. It rose to 1,510.03 Swiss francs from 1,506.0. The pound rose to \$1.6166 from \$1.6160.

(Bloomberg, Bridge News)

## After Sluggish Start, Dreamworks Is on a Roll

Bloomberg News

**LOS ANGELES** — Dreamworks SKG is finally living up to the reputation of its founders.

Four years after being formed by three of the most powerful people in Hollywood — Steven Spielberg, the director, a former Walt Disney Co. executive, Jeffrey Katzenberg, and a music mogul, David Geffen — the company has its first big hits.

"Saving Private Ryan" has taken in \$2.26 million in the United States and Canada in four weeks, while "Deep Impact" has grossed \$305 million worldwide.

After Dreamworks' much ballyhooed debut the three partners quickly discovered how hard it can be to build a studio from the ground up, even with the financial support of a billionaire, Paul Allen. Its first movies, "The Peacemaker" and "Armageddon," were box office disappointments, and it still hasn't found a permanent home. Now, though, it's picking up momentum with a well-tested formula: a big-budget action movie and a Spielberg film.

"The studio may be in its infancy, but the three principals involved have been successful separately and now they're successful together," said Rob Friedman, deputy chairman of Viacom Inc.'s Paramount Pictures studio.

Dreamworks, moreover, has more promising movies in its pipeline, analysts say. The studio recently pushed up the release date

for its animated "Antz" to October from next March, putting the movie about a colony of ants before the November release of "A Bug's Life" from Walt Disney Co. and Pixar Inc.

Dreamworks is attacking Disney's bread-and-butter animation business on other fronts as well. The company will release "The Prince of Egypt," a retelling of the Moses tale, in December, in time for the busy holiday season. The film is widely viewed as the creation of Mr. Katzenberg, who helped guide Disney's return to animation with "The Lion King" and "Aladdin" when he was studio chief there.

"The tide is turning for Dreamworks," said Barry Hyman, an analyst for Ehrenkrantz King Nussbaum Inc. "If they want to be a major power, they need a few strong films in a row, and this gets them off to a good start."

It has not been a spotless record for Dreamworks, though. The lackluster performance of its first movies led some analysts and industry executives to question the company's ability to become a major force in Hollywood.

Starting a new studio "is one of the most daunting challenges imaginable, even if you have a Steven Spielberg," said Robert Broadbent, entertainment analyst at investment banking firm Veronis, Suhler & Associates. "There hasn't been a single successful story of a studio being started in lots of decades."

Dreamworks is teaming up with some of the more established studios to help finance its films, including partnerships with Viacom

on "Saving Private Ryan" and "Deep Impact," and with Seagram Co.'s Universal Studios on "Small Soldiers."

Those agreements allowed Dreamworks to limit its investment and risk should the movies underperform.

Dreamworks, for example, is distributing "Deep Impact" overseas, while Paramount is distributing the film in the United States and Canada. The studio will share what's left of box office revenue after theaters take their roughly 50 percent cut.

Mr. Allen, the supporter, who is a Microsoft Corp. co-founder, recently boosted his stake in the company to 24 percent by buying half the shares owned by a Korean firm, Cheil Jedang Corp.

With all that going its way, Dreamworks better hope the hits keep on coming.

## Hewlett Profit Lifts Shares

Bloomberg News

**PALO ALTO, California** — Hewlett-Packard Co. shares rose sharply on Tuesday after the computer company reported earnings for its third financial quarter that beat analysts' diminished expectations.

Hewlett-Packard shares rose \$1.625 to close at \$56.875.

Late Monday, Hewlett-Packard said it earned \$621 million in the quarter, which ended July 31, little changed from \$617 million a year

earlier. Sales rose 5 percent, to \$10.98 billion.

The company said that PC prices had stopped falling as fast as they had been, and that its PC unit made money in the third quarter after losing money in the second quarter.

Despite the gain Tuesday, the stock is down about 30 percent from May 13, before Hewlett-Packard said second-quarter profit would be weak. Expectations of weakness carried over into the third quarter.

## Federal-Mogul to Buy Auto-Parts Units

Bloomberg News

**SOUTHFIELD, Michigan** — Federal-Mogul Corp., in its third acquisition this year, agreed Tuesday to buy Cooper Industries Inc.'s auto-parts units for \$1.9 billion to add Champion spark plugs and Anco wipers to its line of engine parts.

Federal-Mogul shares rose \$7.94 to \$63.44 after the company said it would acquire Cooper Automotive and Moog Automotive to gain about \$1.9 billion in annual sales.

Cooper is leaving the business to focus on more profitable electrical products and hardware units.

Auto-parts makers are buying and selling units as they come under pressure from automakers to deliver entire systems rather than individual pieces.

## U.S. STOCK MARKET DIARY

## Indexes

## Most Actives

NYSE

Standard &amp; Poor's

Nasdaq

NYSE

Standard &amp; Poor's

N

## EUROPE

# Devaluation Undercuts a Russian's Dream

By Michael Wines  
New York Times Service

MOSCOW — The de facto devaluation of the ruble and rescheduling of government debt on Monday is supposed to save the Russian government from financial ruin.

Then there is Valeria Yan, who is not going to be left off so easily.

Two years ago, Ms. Yan set a goal: to raise \$24,000 so she and her husband could buy a two-room apartment for themselves and their 10-year-old son so they could get away from the tiny one they share with two parents.

She gave up teaching for a dull but more lucrative job, routing telephone calls for a paging service for \$300 a month.

Her husband, a welder, seldom actually gets his salary these days, but they managed nevertheless to put away several thousand dollars' worth of rubles.

Monday afternoon Mrs. Yan was going to the currency shops that glut Moscow's Arbat, converting her rubles into Deutsche marks at a rate

that only hours before had seemed exorbitant.

By her calculations, the family nest egg bought one-third fewer marks than it would have Monday morning, before devaluation was announced. "I'm simply in shock," she said. "I'm doing this because I don't know what's going to happen to my money."

In one sense, the answer is simple: Ms. Yan's rubles, along with everyone else's, will buy a lot less from now on.

The harder questions, however, are where the value of the ruble will eventually settle, and who will be most hurt by the change.

The government offered no hint in its announcement Monday, so millions of Russians are wrestling with the same dilemma: whether to convert their rubles into a stable currency — and suffer a big and immediate loss — or hold on to them and risk losing even more to devaluation and inflation.

Economists said there was no way to predict how many rubles would buy a dollar in six months —

or in six weeks. Even controlled devaluations like the ones announced here can easily spiral down, out of control.

Whatever the price, Russian consumers could suffer most broadly because devaluation raises the prices of imports — and in Russia, about 50 percent of consumer goods and services are imported.

The share of imports has risen swiftly in everyday commodities like food, automobiles and household goods, where the availability of better-quality Western products has been among the few widely enjoyed benefits of capitalism — and one that may now diminish.

Some experts are already calculating that the banking and currency problems spell the end of a construction and business boom that has changed the Moscow skyline and created thousands of high-paying jobs.

"The average Russian hasn't felt it up till now," said Jesse Loeb, a trader in the Moscow office of Regent European Securities.

"You're starting to see a major

cash crunch on the street economy, and that's going to get worse now," he said.

"You're going to see a lot of Mercedes 500s and 600s for sale. You'll be able to buy them for the price of a Nissan. Whoever's in possession of cash now is king."

Devaluation has an upside, but largely for corporations, and only some of them.

Exporters like the oil industry gain because devaluation makes exports cheaper and thus more competitive.

Importers suffer, as would companies whose revenues are measured in rubles.

Some sellers of expensive items closed, perhaps out of confusion over what their goods were worth.

And on the western edge of downtown, near the gingerbread-style station that serves trains to Belarus, an unemployed handyman named Kolya Nikolayev was competing with a nearby currency window, trying to buy dollars from waiting customers for resale at a higher rate.

## Ciba Reports A Loss and Sets Layoffs

Compiled by Our Staff From Despatch

ZURICH — Ciba Specialty Chemicals AG said Tuesday it would cut 1,100 jobs and may sell one of its biggest units after it posted a net loss of 791 million Swiss francs (\$325.2 million) for the first six months of 1998.

Ciba said the loss resulted from special charges, "primarily an accounting write-off of 1 billion francs, associated with the acquisition of Allied Colloids in March 1998." The company posted net profit of 1.72 million Swiss francs in the first half of 1997.

Operating income — profit before restructuring charges and research and development — rose 3 percent in the half, to 490 million francs, the company said. Sales rose 9 percent, to 4.29 billion francs.

To improve earnings, Ciba plans to cut 5 percent of its workforce and may sell its polymers unit. But the company said it would create a new colors division as the \$100 billion specialty-chemicals industry consolidates. Ciba this year bought Allied Colloids Group PLC, a maker of water-treatment chemicals, for 3.6 billion Swiss francs.

"The difficult market conditions in Asia affected sales of all divisions," the company said, adding that sales to Asia would decline by 10 percent to 15 percent for the full year.

Eugen Melliger, a fund manager with Credit Suisse Asset Management, said: "Specialty-chemicals companies remain interesting because they will continue to cut costs. Still, the Sword of Damocles of Asia is hanging over them."

Ciba shares fell 25 centimes to 168 Swiss francs on Tuesday. (Bloomberg, Bridge News)

## Bundesbank Hints at Rate Rise in Course of '98

Compiled by Our Staff From Despatch

FRANKFURT — The economic recovery in the 11-nation European single-currency region is gaining in pace and breadth, the Bundesbank said Tuesday, while hinting it may raise rates at least once before the end of the year.

A rate increase this year would not affect the economies in the single-currency region for one to two years, the German central bank said in its monthly report.

The comments confirmed expectations that Germany, France, Belgium, Austria and Netherlands may lift rates to slow inflation and ensure a smooth transition to a single euro interest rate for all member states.

"They are definitely keeping the door open for a rate increase later this year," said Stefan Bergheim, an economist at Merrill Lynch & Co.

The euro is expected to start Jan. 1 with short-term rates of 3.5 percent to 3.7 percent, according to expectations reflected in interest-rate futures. The benchmark German short-term rate is 3.3 percent, while in Italy, it is at 3 percent.

**VW Says It Will Wait for Slump to Buy Truckmaker but Will Develop Vehicles Itself**

Bloomberg News

WOLFSBURG, Germany — Volkswagen AG, the largest carmaker in Europe, says it is waiting for the next slowdown in the industry to buy a heavy truck company and also plans to develop its

own brand by 2010.

"We will expand into the heavy truck market, independent of whether we buy or form cooperations with another company," said Ferdinand Piech, chief executive of VW, in an interview with the German monthly

monthly report, which singled out Italy, Ireland and France as economies whose money supply was growing at a faster pace.

The Bundesbank also said the recovery in the 11 euro member countries had continued briskly since the beginning of 1998 as strengthening domestic demand offset a slight decline in export growth.

But it added that price stability had largely been reached in the eurozone.

Germany, Europe's biggest economy, will expand 2.9 percent this year and by between 3.0 percent and 3.1 percent in 1999. Economics Minister Guenter Rentsch said. The

effect of shrinking Asian economies and depreciation of the Russian ruble will be limited, he added.

The 11 economies switching to the euro in January expanded 0.7 percent in the first quarter, revised figures from the European Union's statistics office showed Monday.

Growth was driven by a 2.1 percent increase in plant and equipment investment and a 0.7 percent rise in consumer spending.

Slowing export growth in the Germany economy, which accounts for a third of total economic output in the monetary union area, was highlighted in a narrowing trade surplus in June. (Bloomberg, Reuters)

## WORLD STOCK MARKETS

Tuesday, Aug. 18

Daily prices in local currencies.

Telekurs

High Low Close Prev.

Amsterdam AEX Index: 1194.97

Previos: 1194.96

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ABN-AMRO: 47.20

7.00 47.00 47.20

Aegon: 106.40

175.20 180.20 177.00

Akzo: 62.50

62.50 62.50 62.50

Aldi: 54.00

54.00 54.00 54.00

ASML: 11.00

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ASR Ver: 163.00

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Axa: 17.00

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Bolkestein: 7.50

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Bol West: 20.00

27.00 27.00 27.00

Boehringer: 1.50

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BASF: 167.20

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Bayer: 10.00

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BASF: 167.20

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BASF: 167.20

165.1



# Indonesia Set to Restructure 6 Debt-Ridden Banks

By Michael Richardson  
International Herald Tribune

JAKARTA — The government is expected to announce restructuring plans Friday for six of the nation's biggest and most troubled banks in a move to revive confidence in Indonesia's crippled banking sector.

The six banks owe much of the 146 trillion rupiah (\$11.34 billion) in loans made by the central bank over the past year to shore up the financial system as panicky depositors withdrew their funds out of fear that the banks, some of which were connected with the ousted regime of President Suharto, would be closed or collapse.

In a separate move to restore banking services in an economy where trade and business have been severely curtailed by lack of credit, the central bank, Bank Indonesia, is working with foreign auditors to give more than a dozen private banks a "seal of financial health," officials said Tuesday.

The aim is to establish their fi-

nancial credentials and help them regain access to trade finance and lines of credit from foreign banks. Since January, letters of credit issued by Indonesian banks have not been accepted abroad because of worries about bad loans and bad management in the country's banking system.

Officials said that the restructuring of six of the largest and most heavily indebted banks was part

Hong Kong office of Moody's Investors Service Inc., the American rating company, said that the cost of recapitalizing the banks could amount to 200 trillion rupiah — more than the government's entire

Bank Indonesia has now been estimated to control about 70 percent of the assets in the overall banking system after providing more liquidity credits to banks than they can afford to repay.

A statement on the fate of the six banks, which are being run by the Indonesian Bank Restructuring Agency, is likely on Friday. Bridge News reported from Hong Kong, quoting a spokesman for a firm representing the agency.

The six banks are Bank Dagang Nasional Indonesia, Bank Danova, Bank Umum Nasional, Bank PDPCI, Bank Tiara and Bank Mod-

annual budget of 132 trillion rupiah for the year to April 1998, and nearly one-third of Indonesia's 1997 gross domestic product of 624 trillion rupiah.

The World Bank has estimated that the cost of resolving Indonesia's deepening recession, and the reported reluctance of foreign investors to join any recapitalization plan for the banks raise major questions about who will foot the bill and where the money will come from.

Equity and assets at banks are being wiped out by loan defaults that some analysts estimate will rise as high as 75 percent of total loans by the end of 1998.

Restructuring the banking sector is one of the major points in a reform program promised by Jakarta in re-

## Major questions are raised about who will foot the bill and where the money will come from.

Deborah Schuler, a vice president and senior financial analyst in the

## Police and Strikers Ready For Showdown at Hyundai

By Don Kirk  
International Herald Tribune

ULSAN, South Korea — Police and unionized employees of Hyundai Motor Co. hardened their stances Tuesday as the strike that has halted production at South Korea's largest automaker moved into its fifth week.

Thousands of policemen, armed with tear gas, shielded by padded uniforms, masks and helmets, moved in tight formations along the street running by the high walls of the main Hyundai Motor plant in Ulsan.

Inside the gate, rows of workers, armed with steel pipes and fire extinguishers for combating tear gas, were getting in position for another severe showdown in the troubled history of union defiance of the Hyundai group, Korea's largest *chaebol*, or conglomerate.

"Fight to Secure Jobs," said the headbands worn by more than 5,000 workers as well as several hundred wives and children who have managed to prevent the plant from producing a single vehicle since July 13.

The fighting mood intensified into the evening Tuesday as police commanders backed orders to their

men and union members banged their steel pipes onto the pavement of the compound just 100 meters away. The showdown represented the failure of frantic government efforts at bringing management and union to terms.

"Both sides have to think seriously," said Labor Minister Lee Ki Ho after futile talks between the chairman of Hyundai Motor and the leader of the union. "Both have not changed their position."

At stake is the question of whether companies can lay off workers in accordance with requirements set by the International Monetary Fund in piecing together a loan package of nearly \$60 billion last December.

While hundreds of small and medium-size enterprises have gone out of business this year, forcing hundreds of thousands of people out of jobs, only Hyundai Motor, trimming down a payroll of 46,000 workers, has laid anyone off.

"Everyone is watching to see whether Hyundai Motor can do it," said Hwang Lim, a manager at Hyundai Heavy Industries, the shipbuilding giant. "If Hyundai Motor can do it, others will also. If Hyundai Motor fails, then others will not take the chance."



South Korea riot police guarding the entrance to Hyundai Motor in Ulsan on Tuesday where a strike has entered its fifth week.

## Japan Names Panel to Advise on Crisis

The Associated Press

TOKYO — The Japanese government named 10 business leaders and scholars on Tuesday to advise the government on how to revive the sagging economy.

The group, called the Strategic Economic Council, was asked to come up with a plan by the end of December for pulling Japan out of recession.

Business executives appointed to the council included Hiroshi Okuda, president of Toyota Motor Corp.,

Japan's most profitable company, and Hiroto Higuchi, chairman of Asahi Breweries Ltd.

The government of Prime Minister Keizo Obuchi has been under pressure at home and abroad to do more to boost economic growth. Mr. Obuchi has promised to cut taxes and increase spending on public projects to spur economic growth.

Japan's economy shrank 0.7 percent in the fiscal year ended in March, the first full year of eco-

nomic contraction since 1974. The other businessmen chosen for the economic council were Masataka Ide, chairman of West Japan Railway Co., Toshifumi Suzuki, president of the retailer Ito-Yokado Co., Chiyono Terada, president of the moving company Art Corp., and Minoru Mori, president of the property developer Mori Building Co.

The four scholars were Mototsugu Ito, professor at the University of Tokyo, Sawako Takenaka, assistant professor at the same university, Heizo Takenaka, professor at Keio University, and Iwao Nakatani, professor at Hitotsubashi University.

The council is to hold its first meeting at the end of the month.

### A Promise of Intervention

Finance Minister Kiuchi Miyazawa said Japan would intervene to prevent the yen from falling further against the dollar "if needed," AFP News reported from Tokyo.

Asked after a cabinet meeting if there was the possibility that Japan would act to protect the yen from sharp falls against the dollar, Mr. Miyazawa said there was "always" this possibility.

Under the legal rule of force majeure, an unforeseeable or uncontrollable event may excuse a contracting party from fulfilling the contract. A typical example is where military action makes the contract impractical.

The judge, who was speaking at a briefing on new bankruptcy laws, said this might mean debtors and creditors would share the burden of Indonesia's weak currency.

"The current economic crisis can be considered as a force majeure as

## India Rupee Dips On Ruble Fears

Bloomberg News

NEW DELHI — The Indian rupee fell to a record low on Tuesday after Finance Minister Yashwant Sinha expressed concern that the devaluation of the Russian ruble might hurt India's trade with that country.

The dollar was quoted at 43.36 rupees on Tuesday, up from 43.17 rupees Monday. The dollar had risen as high as 43.38 rupees.

Mr. Sinha said Monday that Russia was an important trading partner and the devaluation could dampen India's exports and imports, the Economic Times reported. The finance minister said he was also concerned that China might devalue the yuan.

There was worry that the flow of dollars to India from Russia would be slowed as Moscow stopped payment of loans for a period of 90 days, analysts said. This is expected to hurt outstanding payments to Indian companies that export products to Russia, analysts said.

## RUBLE: Russia's Devalued Currency Tumbles Swiftly

Continued from Page 1

The Russian stock market continued its long downward slide. The main Russian Trading System index fell 9 percent, to 99.58 on extremely limited trading.

The Moscow-based financial community was anxiously awaiting an expected announcement on Wednesday of the government's plans for rescheduling and restructuring its domestic debt in bonds known as GKO's, a key component of the package announced Monday.

About three-quarters of the outstanding bonds are going to be converted to new securities as the government seeks to give itself some breathing room.

After the dramatic ruble announcements, President Boris Yeltsin retreated to his suburban Moscow residence. His rivals in the lower house of Parliament, the Duma, sought to take advantage of the uncertainty touched off by devaluation and Mr. Yeltsin's conflicting statements.

The president had promised as recently as Friday that there would be no devaluation. On Tuesday, some critics warned that Mr. Yeltsin had badly hurt his credibility.

Gennadi Zyuganov, the head of the Communists, the largest bloc in

the Duma, told reporters: "Our president has been totally devalued."

"The country has dramatically depreciated, in the ratings we are in the bottom 10, at the least stable and reliable state," Mr. Zyuganov added, again calling for Mr. Yeltsin's impeachment.

The Communist leader threatened major demonstrations this fall, but vows of such protests have failed to materialize in the past.

Russian officials said they were aware of the danger of reigniting inflation after the ruble had been allowed to float.

Boris Nemtsov, a deputy prime minister, told journalists: "We do not intend to undermine the ruble. The government will not print money. We know full well that a downfall of the ruble would ruin our economy."

■ **Yeltsin Drops a Top Aide**

President Yeltsin dismissed his top economic adviser, Alexander Livshits, on Tuesday, Reuters reported from Moscow.

"He has been relieved of his duties in connection with his transfer to other responsibilities," a Kremlin spokesman said.

Mr. Livshits offered his resigna-

tion after the devaluation.

The Interfax news agency, quoting a senior presidential source, said Mr. Yeltsin refused to accept resignation offers from Prime Minister Sergei Kiriyenko and the head of the central bank, Sergei Dubinin.

Russia's announcement of what was in effect a devaluation of the ruble was an abrupt reversal of policy, intended to restore confidence in the faltering economy.

Moscow also halted some foreign debt repayments for a period of 90 days.

Mr. Livshits, a 51-year-old economist, had served in a variety of positions in the government in recent years, including posts as a deputy prime minister and finance minister.

"For six years I have worked with the president," Interfax quoted Mr. Livshits as saying after submitting his resignation.

"I did everything for Russia I could. I probably share responsibility for what has been happening on the financial markets. I could not protect the president and so I am stepping down."

Thus, the new Pitney must go up against well-heeled, high-technology competitors that want to handle all their customers' document and message-processing jobs — including mail.

Continued from Page 11

cent around here, but it's also a lot more exciting," said Patricia Rutledge, who has been at Pitney for 28 years and is now director of operations for the small-office division.

Newcomers see the metamorphosis even more sharply. "People no longer see the online world as the enemy but as the vehicle for becoming a really broad-based messaging company," said John Kwant, a director of Pitney's internal consulting group, who joined the company in 1995.

As the world of printers, copiers and computers continue to diverge, all sorts of companies are trying to bring them together.

Pitney Corp., for decades content to be the "copy company," now touts itself as the "document-processing company." Eastman Kodak Co. is trying to move out of its picture-taking box to become the "imaging company." And all the newly defined companies are moving into one another's niches.

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Thus, the new Pitney must go up against well-heeled, high-technology competitors that want to handle all their customers' document and message-processing jobs — including mail.

"Of course we see managing mail rooms as a good opportunity,"

said Thomas Dolan, president of Xerox Business Services, Xerox's \$2 billion outsourcing arm. "Pitney wants to get into documents, we want to get into mail, so the combination is going to be intense."

That threat has not stopped numerous analysts from posting strong buys on Pitney's stock. Small wonder: Pitney has had 14 consecutive quarters of earnings increases. That, combined with a hefty stock buy-back program and a two-for-one stock split last year, has pushed its market capitalization, which was just \$7 billion in 1996, to \$13 billion and growing.

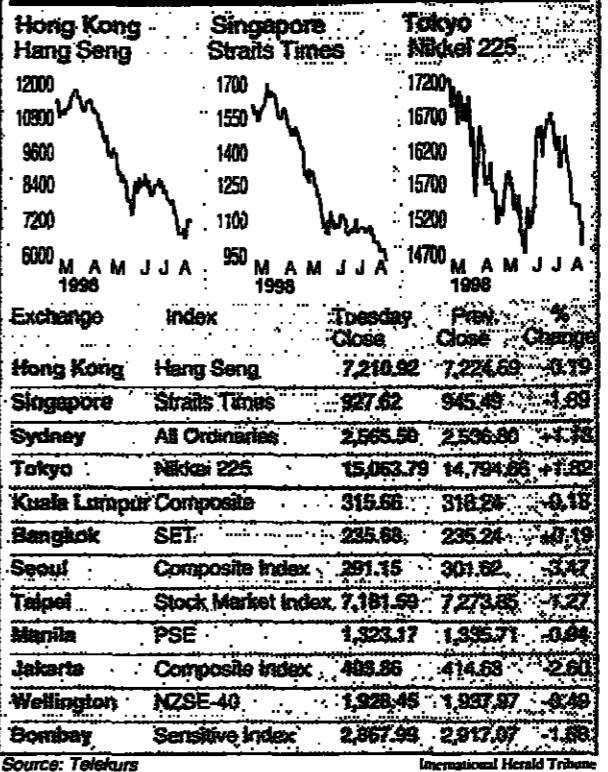
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Thus, the new Pitney must go up against well-heeled, high-technology competitors that want to handle all their customers' document and message-processing jobs — including mail.

"The Internet, despite e-mail, has resulted in substantially more mail, not less," said Alexander Henderson, an analyst with Prudential Securities Research.

## Investor's Asia



## Very briefly:

• Motorola Inc. plans to sell two Singapore plants that make printed circuit boards to WUS Printed Circuit Co. of Taiwan for an undislosed price. WUS said the two plants had \$51.8 million in sales in financial 1997.

• Telecom Corp. of New Zealand Ltd. said profit in the quarter that ended June 30 rose 1.1 percent from a year earlier, to 190.1 New Zealand dollars (\$95.2 million), as mobile- and enhanced-network services showed gains.

• Toshiba Corp. and Hitachi Ltd. of Japan plan to join forces with General Electric Co. of the United States to develop, build and market nuclear power plants, the Kyodo news agency reported. No officials at the companies were immediately available to confirm the report.

• TDK Corp. said pretax profit for the quarter ended June 30 rose 3.1 percent from a year earlier, to 22.5 billion yen (\$154.2 million), as sales increases in Europe and the Americas offset a decline in Japan.

• Long-Term Credit Bank of Japan Ltd. denied a report by Kyodo Press that it would write off 255.6 billion yen (\$1.75 billion) in loans to a troubled affiliate, Japan Leasing Corp.

• PT Indocement Tunggal Prakarsa, one of three big cement companies in Indonesia, said it was looking for foreign partners to increase its exports and strengthen the company's financial position.

• Korea Telecom Corp. plans to spend \$198.7 million to launch a satellite for television service next August, replacing two previous satellites. The new satellite is being designed and manufactured by Lockheed Martin Corp.

• Keppel Bank Ltd. of Singapore said first-half profit fell 41 percent, to 29 million Singapore dollars (\$16.5 million) as it lifted provisions for bad loans in Asia.

• China's total number of mobile-phone subscribers has doubled in the last 13 months to more than 20 million, the official Xinhua news agency said.

• Toyota Motor Corp. and Nissan Motor Co. said they had made payments to the same alleged corporate racketeers who have been arrested on suspicion of extorting money from Japan Air Lines Co. under the guise of receiving payments for potted plants.

APX, APB, Bloomberg

## حكايات الابل

**NASDAQ**

**Tuesday's 4 P.M.**  
100 most traded National Market sec.

The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press.*

The Associated Press

**NYSE**

**Tuesday's 4 P.M. Close**  
**(Continued)**

NYSE																			AMEX																			OTC																		
Tuesday's 4 P.M. Close (Continued)																			Wednesday's 4 P.M. Close																			Thursday's 4 P.M. Close																		
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Herald Tribune  
**SPORTS**

WEDNESDAY, AUGUST 19, 1998

PAGE 18

**WORLD ROUNDUP**

**Battle Over Coach**

**SOCCER** Marcelo Bielsa has accepted an offer to take over as Argentina's new national coach, but his Spanish club Espanyol said Tuesday that it will not let him go. "Marcelo is the club's coach, and although he wants to be the Argentine coach, for our part we aren't interested in a deal because the club needs him," said Daniel Sanchez Libre, the Espanyol club president. (Reuters)

• Robert Jarni, a Croatian international, has signed a three-year contract with Real Madrid, rejecting an offer to join the English Premier League's Coventry City.

Jarni's former club Real Betis of Seville had agreed to sell him to Coventry, which says it also signed a contract with the player. Jarni says he wants to stay in Spain for family reasons.

Real Madrid said it had agreed to pay 800 million pesetas (\$5.3 million) for Jarni, but it is unclear whether it will pay Betis or Coventry. (AP)

**Pouget Banned for Drugs**

**SOCCER** Cyrille Pouget, a striker with Le Havre in the French first division, was banned from soccer for six months Tuesday for taking anabolic steroids.

Traces of the steroid nandrolone were found in a sample given by Pouget after a match last September.

Pouget has played three times for the French national team. (AP)

**Big Contract for Alstott**

**FOOTBALL** Mike Alstott became the National Football League's highest-paid fullback when he signed a five-year contract extension with the Tampa Bay Buccaneers worth up to \$32 million. (AP)

**Tyson Hearing Date Set**

**BOXING** Mike Tyson will have a hearing before the Nevada Athletic Commission on Sept. 9 in his attempt to regain his boxing license. Tyson's license was revoked by the commission and he was fined \$3 million for biting Evander Holyfield's ears during a heavyweight title fight in June 1997. (AP)

**Polish Gold Medalists Die**

Two Polish Olympic gold medalists were killed in a car crash, according to reports Tuesday.

Wladyslaw Kornar, who won the shot put gold at Munich in 1972, and Tadeusz Slusarski, the pole vault gold medalist in Montreal in 1976 and silver medalist in Moscow in 1980, died when their vehicle collided head-on with another car late Monday in a rural area, said the PAP state news agency. (AP)

**England Reaches Final**

**CRICKET** South Africa won the battle but lost the war Tuesday, beating England in Birmingham but failing to reach the final of the triangular one-day tournament.

The visitors made 243 and then bowled England out for 230. But England qualified for the final on run rate. England had beaten Sri Lanka, and Sri Lanka had beaten South Africa. All three teams ended with one victory and one defeat, but England and Sri Lanka will meet in the final because they scored runs faster than South Africa.

Pat Symcox, who hit 51 off 39 balls and took two English wickets for 36 runs in 10 overs, was Man of the Match. (AP)



AP Wirephoto

Phil Mickelson at Pebble Beach.

**Mickelson Wins Pebble Beach After Epic Rain Delay**

By Clifton Brown  
*New York Times Service*

**PEBBLE BEACH, California** — It took Phil Mickelson more than six months to win the AT&T Pebble Beach National Pro-Am. But for a \$450,000 first-place check, plus a \$100,000 bonus for being the PGA Tour's top winner on the West Coast this year, it was worth the wait.

Mickelson captured the rain-interrupted Pebble Beach event Monday, more than six months after it started. The tournament, shortened to 54 holes, was originally scheduled to end Feb. 1, before Mark O'Meara had won a major and long before Monica Lewinsky had appeared before a grand jury.

But when heavy rains washed out play on Feb. 1 and Feb. 2, tournament officials and the PGA Tour took an unusual step. Instead of the tourna-

ment's being canceled, as it was in 1996, play was suspended after 36 holes, and the third round was rescheduled for March 1, the day after the Nissan Open outside Los Angeles.

But it became obvious a few weeks before March 1 that the courses at Pebble Beach, drenched by El Niño, still would not be ready. So the tournament was suspended again until Monday, the day after the PGA Championship in Redmond, Washington, allowing players to fly from Seattle to California on Sunday night in time to play Monday.

All of that led to Monday's bizarre scene: players spread out over three courses, no grandstands, no television towers, a gallery not even one-tenth as large as usual.

Yet, for Mickelson it was a great day to play 18. He shot a 5-under-par 67 at Pebble Beach to finish at 14 under par for the tournament, one stroke better

than Tom Pernice, who shot a 67 at Poppy Hills. Jim Furyk, who shot a 68 at Pebble Beach, and J. P. Hayes, who shot a 67 at Poppy Hills, finished tied for third at 12 under.

Mickelson, who won the Mercedes Championships in January, won \$771,450 on the West Coast this year.

"Let me see if I got this right," said Mickelson, who captured his 13th career victory at the age of 28. "Vijay Singh wins the PGA yesterday and wins \$540,000, and I just won \$350,000? It's a cool day."

Indeed it was, but at least it wasn't raining. Playing under the same light, clean and place rules that were in place when the tournament began in January, the competitors were able to give themselves good lies even from the rough.

Of the 166 players eligible to return Monday, 133 came back. Among those who didn't were Tiger Woods, Mark

O'Meara, and Vijay Singh. But for most players, the chance to win a share of the purse was too enticing to turn down.

Mickelson clinched the victory by making a birdie on the par-5 18th hole, hitting a booming drive, then hitting one of the best 2-iron shots of his career, which carried 221 yards to the front of the green. Mickelson 2-putted from there, and the victory helped make up for his disappointing finish at the PGA Championship, where he shot a 78 on Saturday and finished tied for 34th.

"Finishing up a tournament six or seven months later, you have to find your own momentum," said Mickelson. "This should give me something to build on going into the later part of the season."

But the decision to suspend a tournament from winter until summer caused enough controversy to force the tour to reexamine its weather policy.

**Maris's Sons Recall Stress of Record Chase**

**He Was Threat to Ruth, Baseball's Icon**

By William Gildea  
*Washington Post Service*

**GAINESVILLE, Florida** — Two weeks ago, two of Roger Maris's sons met the man who for most of the summer has led the chase after their father's cherished record of 61 home runs in a season.

The Maris mark has stood for 37 years, even longer than Babe Ruth's sacred 60 that had been the most hallowed record in a sport of records. But Maris's 61 never has been threatened as it has been this season by Mark McGwire, Sammy Sosa and Ken Griffey.

The Marises' meeting with McGwire stirred memories both bitter and sweet.

As McGwire took batting practice in Atlanta before his St. Louis Cardinals played the Braves, Kevin and Richard Maris observed the horde of media surrounding McGwire and understood what the huge slugger meant recently when he revealed that he felt like "a caged animal" during his pregame cuts.

It was no different from the stress their father experienced in 1961, when even his hair fell out, leaving bald patches in his crew cut. "No one in any sport endured more pressure over a more prolonged period than Roger," Tony Kubek, one of Maris's teammates on the 1961 New York Yankees, said the other day.

Maris, who died of cancer in 1985 at the age of 51, was a plainspoken man from North Dakota who was only 26 when he broke the record of baseball's most mythical figure. Maris was an introverted and unprepared for the tumult that he unleashed.

Now his sons could see the pressure building on McGwire. They liked him and empathized with him. "A really nice guy, a class guy," Kevin Maris said.

But just the same, the Maris family hoped Roger's record will remain intact.

"Wouldn't you?" said Kevin Maris. "I don't think anybody on Earth would want their record broken. I think anybody who has a record would want to keep it. But whether it's broken or not, it's next year or in five years or 10 years, we've enjoyed what dad accomplished in baseball."

The family, Kevin said, is not rooting against McGwire or the others; it wouldn't wish ill on anyone. "We're not obsessed," said Kevin, who played one season of Class A baseball and later was a beer distributorship on his retirement from baseball in 1968 after two seasons with the team.

"I look back and it's hard to believe that Dad did something no one else in the game did," said Kevin Maris, who looks remarkably like the father with his flat-top and pale blue eyes.

"I remember it like it was yesterday — dad laying the sod out here, breaking a good sweat," said the son, sitting in an

alive, he, too, would watch TV at night for the results. "Dad would enjoy it," he said. "He would know what each of them is going through."

But while McGwire, Sosa and Griffey enjoy almost universal support in their quest, many people rooted openly against Maris in 1961. Should his record fall — Sosa hit his 47th homer of the season Sunday, tying McGwire for the major-league lead, five ahead of Griffey — baseball officials await the opportunity to call attention to the sport with a celebration rivaling that given the Baltimore Orioles' Cal Ripken in 1995 when he surpassed Lou Gehrig's number of consecutive games played.

But as he pursued Ruth, Maris lugged a burden born of a popular notion that he threatened baseball's biggest icon. Who was Maris to come along and defile the sacrosanct?

The Milwaukee Journal's Oliver Keuchle wrote after Maris hit No. 59: "If the record is to be broken, it should be done by someone of greater baseball stature and greater color and public appeal.

"Maris is colorless," Keuchle wrote. "There just isn't anything deeply heroic about the man."

Within the Maris family, the words still hurt.

Roger Maris Field is a manicured diamond set amid trees on the grounds of a small private high school named Oak Hall. More than 20 years ago, Maris persuaded the Yankees' owner George Steinbrenner to contribute \$25,000 toward its construction. Maris put down the sod himself.

Today, Kevin Maris coaches baseball there, "passing on to the younger guys" everything about the sport that he learned from his father.

Roger Maris was buried in his hometown of Fargo, in the snow and numbness of a December day. But few players not in baseball's Hall of Fame are remembered as often as Maris, especially during seasons when someone makes a run at his record.

His image, of course, remains ever vivid to his family, which has lived in Florida since the late August Busch, then owner of the Cardinals, gave Maris a beer distributorship on his retirement from baseball in 1968 after two seasons with the team.

"Mickey was thought of as the 'true' Yankee. Roger had been traded in from Kansas City. I think Roger understood. He was an unusual ballplayer. He didn't care about individual honors."

Maris started slowly in 1961, hitting only three home runs through May 16. But over the next 38 games he hit 24. He sought no record but once it became apparent that a record was possible, he wanted it.

"I remember it like it was yesterday — dad laying the sod out here, breaking a good sweat," said the son, sitting in an

Oak Hall dugout on a hot, humid afternoon. Looking out on the field, he remembered his father as an all-around player, an excellent outfielder and base runner.

Maris — 6 feet, 205 pounds, sturdy built and gifted with a compact, slightly uppercut left-handed swing — preferred to go about his work and be left alone.

He was not particularly articulate. Reporters pinned him against his locker before and after games, seeking some response, preferably something new, even as he wished futilely that what he did on the field spoke for him.

Then, too, many preferred that Maris's glamorous teammate, the switch-hitting Mickey Mantle — Joe DiMaggio's successor and a certain Hall of Famer — break Ruth's record if it had to be broken.

But there's solace in this season. Kevin Maris said that because McGwire and the others have raised awareness about the difficulties involved in breaking the record, "I think there is understanding now about what it took to do what Dad accomplished in 1961."

On July 25, Maris hit two home runs in each game of a doubleheader against the Chicago White Sox at Yankee Stadium. That gave him 40. In September, the Yankees, one of the best teams ever, finally opened some distance from the persistent Detroit Tigers to all but end the pennant race. Then, Mantle was knocked out of the home-run chase. Suffering flu symptoms, he received a shot from a doctor that resulted in an abscessed hip. Mantle could barely twist and swing a bat after that.

Maris was on his way to the record. Maris hit No. 59 in Baltimore off Milt Pappas on Sept. 20.

During the series, the Yankees played their 154th game. Orioles Manager Luis Mendoza brought in the Hall of Fame knuckleballer Hoyt Wilhelm to pitch to Maris in his last turn at bat within

Frick's prescribed deadline. Maris tapped back to the mound against a pitcher he always found difficult.

Afterward, Maris humbly told reporters that he had done his best and if all he merited was an asterisk, so be it. But there were more games; Maris kept swinging.

Maris hit No. 60 at Yankee Stadium on Sept. 26, in the 159th game. On Oct. 1, Maris hit No. 61, also at Yankee Stadium, off Boston's Tracy Stallard in the 163rd game.

It didn't get easier in later seasons. In 1962, he could not live up to expectations of another record-breaking season. Still, he averaged 35 home runs and 100 RBI for five years through 1962.

In 1963, he was often injured, the result of playing hard. But in 1964, he rallied for 26 home runs and 71 RBI. In 1965, he suffered a critical injury. Sliding back into second base, Maris broke his wrist. That, said his son Kevin, "robbed him of his power."

Roger Maris grew alienated from the Yankees because they played down the injury, leaving him to struggle with it. They showed him even less courtesy two years later.

The Yankees traded him without telling him, "Kevin Maris said. "He had been considering retiring. But instead of leaving the Cardinals on the short end, he said he'd play two years."

The Cardinals twice went to the World Series, winning in 1967.

Maris, happy at long last, did well — nine homers, 55 RBI and a .261 batting average in '67. "Dad went back to playing his game," said Kevin.

Eventually, baseball made official what almost everyone knew: that Maris was the sole record holder with his 61 homers, no asterisk needed.

**New England Rolls Over Cowboys, 21-3**

*The Associated Press*

**MEXICO CITY** — New England found its missing offense and maybe a running back, Mexican fans were a glimpse of their hometown hero, Marco Martos, and the Dallas Cowboys continued to sputter.

A crowd of 106,424, the second-largest in National Football League history, saw New England roll over the Cowboys, 21-3, Monday night behind the running of Sodick Shaw and the passing of Drew Bledsoe.

Dallas dropped its third straight pre-season game following five consecutive losses at the end of 1997.

For New England, the second-year running back Shaw fought for 50 yards on 14 rushes in two quarters and scored touchdowns from 9' and 1 yards out. Another 4-yard touchdown was called back on a penalty.

The Patriots' quarterback, Drew Bledsoe, also seemed to click in the team's new short-drop system, going 9-of-14 for 69 yards.

The Cowboys' biggest cheers went to Martos, a product of the Mexican university league who played the last two seasons for Barcelona in the NFL Europe League.

Coming in with about a minute left, the Mexican receiver caught two balls



AP Wirephoto

Peyton Manning of the Indiana Colts being sacked in pre-season.

for 19 yards but dropped another.

Colts 30, Bengals 27: Peyton Manning, the first pick in the NFL draft, led Indianapolis to 23 points in the first half as the Colts beat Cincinnati.

Manning completed 5 of 11 passes for 112 yards in the half and threw a 12-yard touchdown pass to Marvin Harrison. He looked much sharper than in his pro debut — a loss to Seattle.

The Cowboys' biggest cheers went to Martos, a product of the Mexican university league who played the last two seasons for Barcelona in the NFL Europe League.

Coming in with about a minute left, the Mexican receiver caught two balls

**As Yankees Roll On, Streaking Orioles Edge Twins**

## SPORTS

# A Meaningless Cup May Mess Things Up

## Schedule Plays Havoc With Real Leagues

By Rob Hughes  
International Herald Tribune

**L**ONDON — A Prediction: In the final month of this year a slate of top soccer players will check into clinics for essential surgery.

How do I know? Because if they don't, if they are fit, they will be compelled to play in the FIFA's Confederations Cup, a tournament that will

### WORLD SOCCER

include Brazil and France, at high altitude in January. Clubs who pay their stars upward of \$50,000 a game are powerless to resist the order to release them even though this is a critical time of the league season, even though their athletes have already labored this summer through the World Cup.

Most players, particularly those whose limbs and lungs are overplayed, are running on worn joints and can do with a spot of surgical plumbing here or there. So it would be quite reasonable for the clubs to decide that late December is the time to operate. That, after all, is a month of rest for soccer in some European countries.

The clubs, anyway, are splitting blood. FIFA, the governing body of world soccer, has given the Confederations Cup full status, meaning that the coaches of the eight national teams involved, notably France and Brazil, can demand the release of the players two weeks in advance of the event, which runs from Jan. 9 to Jan. 20 in Mexico. Then the players face re-acclimation to Europe's winter, Europe's sea level atmosphere.

It would be hard to exaggerate the risk for major clubs. Italy is not a participant in the Confederations Cup, not invited to the \$750,000-per-country tournament. But on Jan. 6 and again on Jan. 10, Juventus and Parma and Inter Milan, three Italian teams whose key players are on call to the Confederations Cup, play crucial matches in Serie A.

On Jan. 6, Juventus visits AC Milan, and Parma entertains Inter. The advantage for AC Milan is clear. It has no French or Brazilian players, but the French duo at the heart of Juve's team, Zidane and his captain, Didier Deschamps, are likely to be called to Mexico.

The French involvement in Mexico sends ripples across other ponds. Parma loses the ever reliable Lilian Thuram, while Inter Milan could be without Youri Djorkaeff as well as Ronaldo.

We cannot blame the national team coaches of France and Brazil, both of whom are new and who can hardly pass up the privilege of initiating their ideas in a relatively meaningless competition. But to show how thoughtless the scheduling is, Saturday, Jan. 9, day one of the Confederations Cup, coincides with potentially decisive games in England, where Arsenal plays against Liverpool, and Newcastle meets Chelsea.

The Chelsea team includes Frank Leboeuf and Marcel Desailly, the French center back pairing of the World Cup final. Newcastle has just bought the French striker Stephane Guivarc'h. And while Liverpool has no French connection, other than coach Gerard Houllier, its opponent, Arsenal, would lose the midfield of Emmanuel Petit and Patrick Vieira, plus the emerging goalscorer Nicholas Anelka.

Arsenal is punished for its accent on French flair simply because of the arbitrary selection of Confederations Cup participants. Liverpool has a German forward, Karthlein Riedle, who will not go to Mexico and who could strike Arsenal out of the championship race.

Thus, the confounded Confederations Cup is a capricious friend or foe.

The tournament is supposed to be between the reigning champions of each continent, including Saudi Arabia from Asia, Egypt from Africa and, probably, Australia from Oceania. We then get Brazil as title holder, Mexico, as host, and the United States as runner-up in the 1998 Gold Cup.



**TAKING WING** — Marc Overmars of Arsenal, right, dribbling around Thierry Bonalair of Nottingham Forest. Overmars scored the decisive goal as Arsenal, the English champion, won its season opener, 2-1.

And from Europe? Not the European champion, which is Germany, but "the best European team at the World Cup," which, of course, is the world champion, France. Germany neither needs the money, nor thinks it will gain much kudos from yet another tournament. The Germans made it plain when the last Confederations Cup was held, in Saudi Arabia, that they thought more of the welfare of their players than the prize of an event of convenience.

The Confederations Cup is a great idea for smaller nations and continents out of the soccer mainstream.

Their regions need exposure. They need television tournaments. They need FIFA to rule that the great players must visit them and, ostensibly, spread the gospel of the great game.

Tough luck on the clubs. Tough luck on players who, if the testimony of Roma coach Zdenek Zeman is credible, are resorting as much to performance-

enhancing drugs as riders in the Tour de France. Players, from Gianluca Vialli to Alessandro Del Piero, from Dino Baggio to Enrico Chiesa, have appeared before Italian magistrates to present their accounts and swear they have not knowingly been fed illegal substances.

But in another land, Tony Adams, the mighty defender of Arsenal and England, contemplates early retirement because of the number of painkillers and anti-inflammatory pills he must take to get through the relentless grind at a top club as a World Cup year subsides.

His ankle is a mess, he has overcome one addiction to alcohol, but fears the aftermath of another. Painkillers are drugs, too, curiously legal drugs condoned by authorities with a vested interest in pushing players to the limits and beyond.

*Rob Hughes is chief sports writer of The Times of London.*

# German Doctor Admits Giving Drugs to Women

By Rob Hughes  
International Herald Tribune

**B**ERLIN — Germany's second doping trial against former East German sports functionaries opened Tuesday with a doctor's confession that he systematically administered performance-enhancing drugs to female swimmers.

However, Dr. Ulrich Suerdel, 58, denied that he knowingly damaged the health of the athletes, some as young as 12 at the time. He said he knew little about possible side-effects of steroids, and had heard they were reversible anyway.

"I believed that," he said.

Dr. Suerdel, a second doctor and three coaches are charged with causing bodily harm to as many as 18 young female swimmers on East Germany's TSC Berlin team from 1978 to 1989. Prosecutors say they gave the drugs without telling the minors or their parents what they were taking.

In one case, one of the former swimmer's hormonal balance was so dis-

rupted by the steroids, which she started taking at 13, that she is now sterile.

Dr. Suerdel testified that he had no reservations about providing anabolic steroids in pill form to the team doctors, which was part of his responsibility. He denied ever giving steroid injections.

Also on trial are Dr. Dorit Roesler, 50, and three coaches, Peter Matonet, 48, Berndt Christochowitz, 40, and Klaus Klemenz, 55.

The first trial involves coaches and doctors from the Dynamo Berlin swim team.

### Cycling Team Inquiry Ordered

Bordeaux prosecutors on Tuesday ordered police to investigate the Cofidis cycling team after French customs officers confiscated banned substances from a team truck, court sources said.

The team's manager was questioned by authorities Tuesday before being released in midafternoon along with the truck driver and the team's mechanic.

# Spain Denies Doping Report

By Rob Hughes  
International Herald Tribune

**M**ADRID — The government Tuesday denied allegations by the International Olympic Committee's anti-doping chief that Spanish sports physicians encourage athletes to take performance-enhancing drugs.

"Under no circumstances will we allow the good name of Spain's athletics federations and athletes to be smeared," said Eduardo Ayuso, the deputy secretary of state for sports.

Prince Alexandre de Merode, the head of the IOC medical commission, told the French newspaper Le Figaro that some Spanish doctors have "rejected the ethics of their profession."

"One must not forget that Spanish sports, for a long time, has had tendencies toward doping," he said.

"We simply do not understand why he said this," Ayuso said. "In Spain the fight against drugs in sports has been growing for years."

De Merode was responding to comments by the IOC president, Juan Antonio Samaranch, who is Spanish, proposing a reduction in the list of banned drugs.

Ayuso said Samaranch is seeking to update the list and remove substances that are outdated and rarely used.

The IOC executive board is due to meet Thursday to discuss the growing drug scandal in sports. The IOC has scheduled a worldwide anti-doping summit meeting in January.

Phil Coles, an Australian member of the IOC, also criticized de Merode: "A lot of people are hoping he might retire. He's been there such a long time. You never know what he's going to say."

Coles also said the list of banned substances was too long but was likely to grow. "The list belongs to the IOC and its medical commission," Coles said. "It will be very hard to reduce, in fact they might even add to it."

## SCOREBOARD

### BASEBALL

#### MAJOR LEAGUE STANDINGS

##### AMERICAN LEAGUE

###### EAST DIVISION

###### NEW YORK

###### BOSTON

###### BALTIMORE

###### TORONTO

###### CLEVELAND

###### DETROIT

###### CHICAGO

###### MINNESOTA

###### DETROIT

###### ATLANTA

###### PHILADELPHIA

###### NEW YORK

###### PHILADELPHIA

###### WEST DIVISION

###### DETROIT

### CENTRAL DIVISION

#### DETROIT

